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Supreme Court, U.S.
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IN THE

Supreme Court of the United States

BLUEPORT COMPANY LLC,

Petitioner,

v.

UNITED STATES OF AMERICA,

Respondent.

ON PETITIONER FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

PETITION FOR A WRIT OF CERTIORARI

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QUESTIONS PRESENTED FOR REVIEW

(1) Did the Federal Circuit err in shifting the burden onto Plaintiff, after Plaintiff established *prima facie* jurisdiction, to disprove the defenses enumerated in 28 U.S.C. § 1498(b) thus further enhancing a split between circuit courts of appeal regarding treatment of jurisdictional defenses in suits against the Government?

(2) Did the Federal Circuit commit legal error by construing the "order, influence, or induce" proviso of 28 U.S.C. § 1498(b) to not require any nexus between the Government acts alleged to infringe and the alleged position of influence or inducement?

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Blueport LLC ("Blueport") hereby petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit entered in this action on July 25, 2008.

DECISIONS BELOW

The decision of the United States Court of Appeals for the Federal Circuit affirming the judgment of the United States Court of Federal Claims is reported at 533 F.3d 1374 (Fed. Cir., July 25, 2008) (Appendix A, 1a-20a). The judgment of the United States Court of Federal Claims is reported at 76 Fed. Cl. 702 (Fed. Cl., May 07, 2007) (Appendix B, 21a-101a).

JURISDICTIONAL STATEMENT

This Court has jurisdiction pursuant to 28 U.S.C. § 1254(1) as a petition for writ of certiorari from the July 25, 2008 final decision of the United States Court of Appeals for the Federal Circuit.

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOKED

Section 1498(b) of Title 28 provides:

> **(b)** Hereafter, whenever the copyright in any work protected under the copyright laws of the United States shall be infringed by the United States, by a corporation owned or controlled by the United States, or by a contractor, subcontractor, or any person, firm, or corporation acting for the Government and with the authorization or consent of the

Government, the exclusive action which may be brought for such infringement shall be an action by the copyright owner against the United States in the Court of Federal Claims for the recovery of his reasonable and entire compensation as damages for such infringement, including the minimum statutory damages as set forth in section 504(c) of title 17, United States Code: *Provided*, That a Government employee shall have a right of action against the Government under this subsection except where he was in a position to order, influence, or induce use of the copyrighted work by the Government: *Provided, however*, That this subsection shall not confer a right of action on any copyright owner or any assignee of such owner with respect to any copyrighted work prepared by a person while in the employment or service of the United States, where the copyrighted work was prepared as a part of the official functions of the employee, or in the preparation of which Government time, material, or facilities were used: *And provided further*, That before such action against the United States has been instituted the appropriate corporation owned or controlled by the United States or the head of the appropriate department or agency of the Government, as the case may be, is authorized to enter into an agreement with the copyright owner in full settlement and compromise for the damages accruing to him by reason of such infringement and to settle the claim administratively out of available appropriations.

> Except as otherwise provided by law, no recovery shall be had for any infringement of a copyright covered by this subsection committed more than three years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt of a written claim for compensation by the Department or agency of the Government or corporation owned or controlled by the United States, as the case may be, having authority to settle such claim and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as a part of the three years, unless suit is brought before the last-mentioned date.

STATEMENT OF THE CASE

Blueport Company LLC ("Blueport") filed this complaint November 18, 2002, against the Air Force for copyright infringement. The Air Force, impressed with two software programs created by a low ranking enlisted airman, Mark Davenport, collectively referred to as "AUMD", asked Davenport to donate the program to the Air Force through the Air Force's IDEA suggestion program. When he refused, the Air Force threatened Davenport with courts martial if he did not release the code. The Air Force then hired a government contractor, SAIC, to hack into AUMD to alter the built-in expiration date function, as well as changing the copyright management and authorship information, so the Air Force could use the programs while SAIC created an "exact replication" of AUMD in a system known as MARS (for Manpower Access Report System).

Davenport's assignee, Blueport, filed an administrative claim, which was denied, and then Blueport brought suit alleging, *inter alia*, copyright infringement for creation, reproduction and distribution of the hacked versions of AUMD, and for creation, reproduction and distribution of the MARS programs. The Court of Federal Claims ruled after trial that Blueport bore the burden of disproving the Section 1498(b) defenses, and failed to carry that burden, published at 76 Fed. Cl. 702 (2007). The trial court, finding jurisdiction lacking, dismissed Plaintiff's suit without addressing the merits and entered final judgment in favor of the Government from which an appeal was taken.

The Federal Circuit affirmed the judgment, ruling that (1) despite contrary treatment of similar language in jurisdictional defenses of other statutes, and within the same section, that the burden of the Section 1498(b) defenses lay with the Federal employee plaintiff to disprove, and (2) the Section 1498(b) defenses did not require any nexus between the infringing acts and the acts alleged to establish the jurisdictional defenses.

The Federal Circuit ruling effectively allows the Government to take an unlimited license in a person's property without compensation if that person has ever been an employee of the Federal Government. In this case, Mr. Davenport, while an enlisted member of the Air Force, created a pair of software programs on his own, granted the Air Force a limited permissive license to use that software that expressly and automatically terminated on clear expiration date. Blueport did not sue for infringement for the acts occurring during the

license period, but instead for (a) the Air Force hiring and directing SAIC to hack into and duplicate the software after the expiration date, and (b) the Air Force hiring and directing SAIC to make a duplicate derivate work of the software, known as MARS, during the period the Air Force used the hacked version of Blueport's software.

At the time of the infringing uses (the creation, copying and distribution of hacked versions of AUMD, and the creation, copying and distribution of the derivative work MARS - which was not even addressed by Federal Circuit), Mr. Davenport was not in a position to order, influence, or induce the infringing use, and in fact attempted - to no avail - to prevent the infringing use. Moreover, at the time of the infringing uses, the software was not even owned by Davenport, but had been assigned to Blueport.

The Federal Circuit opinion erroneously reads into the statute "... except where he was *ever* in a position to order, influence, or induce *any* use . . ." The infringing use and position of influence should and must be wholly and indivisibly contemporaneous, i.e., have a nexus, to fall with in the Section 1498(b) defenses. Without a requirement for nexus the Government is granted a staggering authority to appropriate the property of Federal employees without compensation.

The Federal Circuit's opinion is inconsistent with the statute, and inconsistent with the Congressional intent to expand the rights of Federal employees while preventing self-dealing, not simply a means by which the Government may disregard employee's rights by causing the exception to swallow the rule.

STATEMENT OF FACTS AND PROCEDURAL HISTORY

In May of 1998, at the time Davenport wrote the AUMD programs, the Air Force Manpower Specialists used an Oracle Database system called Manpower Data System (MDS) housed on mainframe computers at Gunter Air Force base. *FCJAX 133-4*[1]. MDS was very unwieldy for manpower career specialists, who are not computer programmers but mere end users. *Id.*, *133-4*. Manpower career specialists entered data into reports for inclusion in MDS by Gunter, and ran request for reports, which were delivered as print outs or on magnetic tapes from Gunter, requiring very long turnaround times. *Id.*, *133-4*, *346*. The turn around could be days, and the cumbersome reports, when they came, included significant amounts of superfluous material. *Id.*, *133-4*, *228-9*.

Davenport was a junior enlisted man, a Manpower Specialist, pay grade E-6, when he created the AUMD programs at issue in May 1998. *FCJAX 145*, *304*. He retired at the same pay grade three years later. *Id.*, *284*. His official position during that time was a Manpower Data Manager in the Pacific Air Force Command (PACAF). *Id.*, *137*. His job was to make sure the system data was updated in a timely manner, to provide data to Manpower groups with the local commands within the Pacific Air Force Command (PACAF), and to teach use of the database MDS system for generating reports and inputting data. *Id.*, *138-9*. He was an operator of existing computer programs. *Id.*, *138*. There was no requirement

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1. FCJAX refers to the Federal Circuit Joint Appendix.

for programming in his job functions. *Id.*, *138*. He was never a reporting senior over other Air Force personnel, nor was he a direct supervisor over anyone. *Id.*, *137*. He did not possess contracting authority to issue or modify contracts. *Id.*, *141*.

Air Force enlisted personnel have official printed job descriptions that define the "official functions" of a Manpower Specialist in published Career Field Education and Training Plans (CFETP) for the Manpower field.[2] *FCJAX 743-45*, *747*, *749*, *752-3*, *755*, *793*, *804*. The CFETP is the "job description" for each listed career field in the Air Force. *Id.*, *309*. There is an Air Force Manual (AFMAN) for each Air Force Specialty Code (AFSC). *Id.*, *137*. The "3U0" AFSC denoted the Manpower Career Field. Davenport's AFSC was 3U071 during the pertinent time period – the "071" indicating his pay grade E-6. Davenport later requested and received a V prefix, making it V3U071. *Id.*, *138*, *239*. Davenport's award of the "V" prefix was based on his skills in monitoring the computer applications—not any other basis for V prefix. *Id.*, *141*, *239*. The V prefix does not apply to the Computer Programmer career field, which is an entirely separate AFSC, the "3C" AFSC. *Id.*, *142*, *143-4*, *560*, *804*. No computer skills sets are listed or required for a Manpower Technician other than use of standard PC-based office programs. *Id.*, *140*. There is no programming requirement for the Manpower career field. *Id.*, *140*. CMS (Chief Master Sergeant)

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2. In denying Blueport's administrative claim, the Air Force mistakenly believed Mr. Davenport was a Communications-Computer Systems Career Field, AFSC 3Cxxx-series, rather than V3U071. *FCJAX 93*, *2nd Col.*, *bottom paragraph*.

Dant, the most senior enlisted Manpower Specialist in the Air Force with over twenty years experience in the Manpower field, testified that he did not know how to program, never did, and that programming was not a job requirement. *Id.*, *305-6*. Davenport retained that AFSC V3U071 rating until retirement. *Id.*, *144*.

Computer programming was a type of work neither expected from Davenport, nor encouraged by the Air Force for Davenport or others in his career field. *FCJAX 309*-10. Davenport's chain of command testified uniformly that his job description and his scope of employment did not include programming or writing any software for the Air Force. *Id.*, *306-7*, *309-10*, *320-21*, *344 346*. Someone in Davenport's career field would never be expected to write software programs for use by Manpower. *Id.*, *306-7*, *309-10*. None of his superiors ever ordered Davenport to produce the programs, nor would they have felt it was their place to do so. *Id.*, *306*, *320-1*, *346-7*.

Davenport requested programming training numerous times and he was denied each time. *FCJAX 136*. He never received any training in programming from or through the Air Force. *Id.*, *136*, *280*. Whenever he asked, the answer was always no because he wasn't a programmer, and so it was not necessary for his job. *Id.*, *280*. Turned down by the Air Force, Davenport taught himself how to program by purchasing software and books with his own money, and spending his off-duty time learning to program. *Id.*, *137*, *146*.

Davenport created the AUMD software through his own initiative, time, and resources. *FCJAX 308-9*, *321*.

The complex screen displays and user interface and the database table structures were original creations by Davenport. *Id.*, *148-51*, *195-6*. He did this programming only at home, on his personal time, and he tested and debugged it at home, without any Government data, by creating a dummy database with fake data. *Id.*, *149-51*, *234*, *243*, *246*, *304*, *306*, *309*, *321*, *328-9*. Davenport did not have a connection to Government databases while developing the AUMD software at home. *Id.*, *149*. Connection to the MDS was not necessary. *Id.*, *150*. Davenport completed development of a working *beta* version of the AUMD program by about May 28, 1998. *Id.*, *106* ¶*15*. This *beta* version included the user interface screens and the database table structure. *Id.*, *234*. Davenport never brought the source code from his home to work, and never copied the source code to his work computer. *Id.*, *107* ¶*25*. Each copy of AUMD software included a startup page which identified Mr. Davenport, and later Blueport, as the author/copyright owner and incorporated an expiration date which prevented operation of the software beyond the expiration date. *Id.*, *184-5*.

AUMD's substantial improvements over Air Force software made it very popular and it was passed around informally to members of various commands. *FCJAX 306-9*, *321-24*. AUMD became widespread due to its superior performance and at the initiative and direction of Davenport's superiors and others in the Manpower community, and not through promotion by Davenport. *Id.*, *321-5*, *341-2*. Davenport did not encourage people to use the program. *Id.*, *321-3* ("Q. Now, to your knowledge, at any time when Technical Sergeant Davenport was in your chain of command was he trying

to get people to use the program who didn't want to? A [Col. Manning]. No, he was not."). Maj. Meaker, a Government witness, corroborated the fact that Davenport's seniors, his chain-of-command, were the source of pushing distribution of the AUMD software, not Davenport. *Id.*, *341-2*. Davenport supplied copies of AUMD at the personal request of recipients. *Id.*, *317*, *323*.

As a result of the widespread use due its popularity, people sent suggestions to Davenport for new features, but Davenport alone decided what features would be incorporated, and Davenport did this programming on his own time at home rather than at work. *FCJAX 277*, *303*, *305-6*, *309*, *346*.

Persons in the Air Force requested Davenport on several occasions to make presentations of the AUMD software. *FCJAX 179-81*, *237-8*, *324-5*. Davenport did not initiate any presentations or training on the AUMD programs at any time. *Id.*, *153*. Demonstrating AUMD was not part of Davenport's official functions. *Id.*, *237*. Davenport was sent to at least three different Air Force bases to train manpower technicians in the Air Force's official MDS system. *Id.*, *237*. During those trips the users requested that he demonstrate the AUMD programs which they had heard about by word of mouth. *Id.*, *237*. Davenport complied with their requests, but only after the official MDS training had been completed. *Id.*, *237*. At the San Antonio Manpower conference — referred to at trial as the "conference of colonels" — Davenport was directed to attend this conference and he would not have been present except for the request of senior officers and noncommissioned officers. *Id.*, *156*,

580-1. Col. Manning testified that Davenport was "invited" to the "conference of colonels" by a Col. Jensen, but that as a junior enlisted person Davenport was not in a position to refuse the invitation. *Id.*, *322-5*.

Davenport's former superiors and co-workers, all currently senior officers and senior non-commissioned officers in the Air Force, testified that they felt the AUMD software belonged to Davenport and that they had no rights or ownership to it. *FCJAX 306*, *320-1*, *346-7*.

During 1999, the Air Force repeatedly asked Davenport to release the AUMD source code to the Air Force. Glendon Hendricks, head of MDS program, asked Davenport to submit his program for consideration through the Air Forces IDEA program. *FCJAX 171-2*. Mr. Davenport declined. *Id.* The Air Force then threatened Davenport with courts martial if Davenport did not immediately turn over the code. *Id.*, *172-3*. Again, Davenport stood fast and the Air Force backed down. *Id.*

Davenport participated in a Manpower User Group ("MUG"), composed of end-users of the MDS system, which passed requests or "wish lists" up to the decision makers. *FCJAX 157-8*. During a meeting in February 1999, the MUG considered whether AUMD (referred to at the meeting as the "MDS Preprocessor") should be adopted as an official program, but the MUG rejected the proposal. *Id.*, *158-9*, *559*. Davenport, however, was not involved with the MUG evaluation, was not present, and was not even aware that the MUG had discussed the issue. *Id.*, *158-9*. The reason he didn't know was

because his commanding officer determined to send a different person to the MUG meeting—Davenport had by then "essentially been excluded from the Manpower user group's advisory authority." *Id., 160 (emphasis added).* His commanding officer in PACAF felt that Davenport should not attend MUG meetings, or conferences at Gunter AFB. *Id., 160.*

On January 11, 2000, the Air Force issued a solicitation for contractors to recreate the AUMD programs. The solicitation was republished on March 14, 2000. The new program was to be known as the MARS program, and was to duplicate the operation and user interface of AUMD. *FCJAX 106 ¶19.*

Davenport assigned all rights to Blueport, who in turn registered the AUMD software copyrights and assignment on March 9, 2000. *FCJAX 105 ¶¶3, 8.* The Air Force refused to negotiate a license with Blueport, and Blueport was forbidden by the Government from bidding on a contract to duplicate Davenport's AUMD. *Id., 279-80.*

The Air Force selected Science Applications International Corporation ("SAIC") on April 10, 2000, to duplicate the AUMD. *FCJAX 106 ¶20.* Because the automatic expiration programmed into the AUMD prevented use of the programs after May 15, 2000, *id., 106 ¶21,* the Air Force also instructed SAIC to hack into the AUMD code to change the automatic expiration date, and alter the copyright management information so that the startup page showed the Air Force as the author and copyright owner. *Id., 217* ("One of our software engineers essentially hacked into it."); *Id., 219, 622-3.*

The Air Force then posted the altered versions of AUMD on internet and intranet websites, where they were downloaded and used by commands throughout the Air Force, and were available for download by civilians outside the Air Force as well. *Id., 196-203.* Neither the alterations to the expiration function, nor the alterations to the copyright management information, nor the posting and distribution of copies of the AUMD software were authorized by Davenport or Blueport. *Id., 107* ¶*24.*

The Air Force provided copies of the AUMD compiled source code to SAIC, and SAIC used this code to produce software, MARS, that is virtually identical, an "exact replication", in relevant respects to the original AUMD software. *FCJAX 177, 203, 206-9, 562-3, 588 (¶3.2.2.4), 599, 647 (¶2.5), 813.* SAIC had access to the running AUMD software and in fact tested MARS by running AUMD and MARS side by side. *Id., 205-6.* The MARS and AUMD screens and interface are essentially identical, and the screens, which were exactly duplicated, include protectable creative expression – they are the heart and sole of the programs. *Id., 177, 203, 206-9, 562-3, 588 (¶3.2.2.4), 599, 647 (¶2.5), 813.* The AUMD interface was the key to its acceptance and popularity. *Id.,321, 339, 378.*

Blueport alleged infringement for (1) from May 15, 2000 and after, Government hacking, copying and distribution of the hacked AUMD programs, and (2) creation, copying and distribution of MARS. *FCJAX 56-95.*

REASONS FOR GRANTING THE PETITION

A. There Is A Split In The Circuit Courts Over Whether Jurisdictional Defenses In Suits Against The Sovereign Are The Government's Burden To Prove, Or The Plaintiff's Burden To Disprove.

Placing the burden on a plaintiff to disprove the negative jurisdictional defenses contradicts Congressional intent, and this error impacts literally every suit that could be asserted against the Government. Importantly, the Circuits have created a tangled patchwork, where even they don't know how to evaluate a jurisdictional defense—and it largely depends on what Circuit they want to follow.

Neither this Court nor, previously, the Federal Circuit, has ever addressed the allocation of the burden of proof on the Section 1498(b) defenses, which applies to suits against the Government for copyright infringement. Yet lower courts and the Circuit Courts of Appeals have addressed similarly worded defenses in statutes providing similar waivers of sovereign immunity, and the conflicting rulings have created a clear split in addressing such defenses in suits against the Government.

For example, while the Discretionary Function Exception to the Federal Tort Claims Act, 28 U.S.C. § 2680, is jurisdictional, the Government, not the claimant, bears the burden of proof. *See Prescott v. U.S.*, 973 F.2d 696, 701-02 (9th Cir. 1992); *Autery v. U.S.*, 992 F.2d 1523, 1526 (11th Cir. 1993), *cert. denied*, 114 S. Ct 1829 (1994); *Carlyle v. U.S.*, 674 F.2d 554, 556 (6th

Cir.1982); *Stewart v. U.S.*, 199 F.2d 517, 520 (7th Cir.1952). This allocation of burden comports with the statutory intent. "[P]lacing the burden on the plaintiff would 'impose upon the plaintiff the burden of proving [thirteen] negative averments. Such a result would border on the preposterous.'" *Prescott*, *id.* at 702 (citing and quoting *Stewart*, 199 F.2d at 520); *Stewart*, 199 F.2d at 519-20 ("The position which the Government urges upon us is inimical to all reason, logic and common sense."). Yet in the present case, in a statute with similar language, the Federal Circuit ruled completely contrary, i.e. that the low level Government employee bears the burden of proving multiple negative averments. This similarly "border[s] on the preposterous."

In another example, the jurisdictional defenses in Section 1498(c), again with similar language and even within the same statute in issue here, were construed as placing the burden of proof on the Government. *Zoltek Corp. v. U.S.*, 51 Fed. Cl. 829, 62 U.S.P.Q.2d 1366 (2002) (ruling that the Government bears the burden of proof under Section 1498(c), which relates back to both Sections 1498(a) and 1498(b), on the issue of whether a claim arose in a foreign country). The *Zoltek* court found significant that Section 1498(c) was worded negatively. *Id.* at 833; *see* 28 U.S.C. §1498(c) (". . . this section *shall not* apply . . ."). To that point, a comparison of Sections 1498(b) and 1498(c), as well as 28 U.S.C. § 2680, reveals the same Congressional intent: Section 1498(b) ("*except* where . . . this subsection *shall not* confer a right of action"); Section 1498(c) ("this section *shall not* apply"); § 2680 ("*shall not* apply to"). Yet here again, the Federal Circuit ruled completely contrary, that while the Section 1498(c) jurisdictional defense, with similar negative

wording, and which applies to Section 1498(b), was the Government's burden, the Section 1498(b) defenses (which also happen to be far more nebulous), remain the Federal employee plaintiff's burden.

The Court of Federal Claims' error, affirmed by the Federal Circuit in placing the burden of proof on Blueport to disprove the enumerated defenses in Section 1498(b), hi-lights the split between the Circuits regarding the burden of proof and burden shifting in claims for damages brought against the Government.

The Court of Federal Claims acknowledged this Circuit split in addressing such provisos between Circuit Courts, as well as within the Federal Circuit and Court of Federal Claims, and the apparent inconsistency in Supreme Court itself. *Blueport*, 76 Fed.Cl. at 717-18 (describing the "two models" as the "hard view" and "soft view", and noting that "Our [Federal] Circuit seems to be of two minds as to the issue of whether conditions to waivers of sovereign immunity are themselves jurisdictional."). The Federal Circuit also acknowledged the split between Circuits regarding the interpretation of who carries the burden of proof on limitations to waivers of sovereign immunity. *Blueport*, 533 F.3d at 1381 ("... the circuit courts are divided on whether these Federal Tort Claims Act cases are consistent with Supreme Court precedent . . ."). The Federal Circuit noted that the 9th and 7th Circuits have taken a view that enumerated defenses to a substantive waiver of sovereign immunity should be viewed as shifting the burden of proof to the Government, citing *Prescott*, 973 F.2d 696, and *Stewart*, 199 F.2d 517, while the noting other Circuits appear to have taken an opposite view,

citing as support *Sharp v. U.S.*, 401 F.3d 440, 443 FN1 (6th Cir. 2005), *Kiehn v. U.S.*, 984 F.2d 1100, 1105 FN7 (10th Cir. 1993), and *Autery v. U.S.*, 992 F.2d 1523, 1526 n.6 (11th Cir. 1993). *Blueport*, 533 F.3d at 1381. Other courts have noted this split of authority as well, and have even disagreed as to which side the respective Circuits have come down on. *Compare, Smith v. U.S.*, 943 F. Supp. 159, 168 (D.R.I. 1996) (discussing the Circuit split and finding that, in the absence of First Circuit authority, ("this court will follow the lead of the Sixth, Seventh, and Ninth Circuits, and employ the burden shifting approach" . . . "the government bears the burden to establish the applicability of an FTCA exception . . .") *with Blueport*, 533 F.3d at 1381 (Federal Circuit describing Sixth Circuit as disagreeing with *Prescott* and *Stewart*). The Federal Circuit has come down on the side of the "hard view" — at least in this case.

The Federal Circuit, although acknowledging the split and the similarities between the enumerated defenses in Section 1498(b) and the enumerated defenses in the Federal Tort Claims Act, sought to avoid the question by simply stating that the Federal Tort Claims Act is a different statute and so not applicable in this case. *Blueport*, 533 F.3d at 1381. But the issue of exceptions to waivers of sovereign immunity goes beyond an individual statute, and the piecemeal approach heretofore creates confusion — it is not clear in a given case whether provisions worded as exceptions to a substantive waiver of sovereign immunity, or limitations on such waivers, are to be treated by courts as

analogous to enumerated affirmative defenses thereby placing the burden of proof on the Government, or burdens which a plaintiff must prove beyond a *prima facie* showing. The divergence is not a small issue, as it determines whether or not the plaintiff even receives his day in court. Clarity is needed to avoid injustice and wastage of judicial and party resources.[3] "Thus a continuing effort on our part to decide each case on an *ad hoc* basis, as we appear to have done in the past, would have the disadvantage of continuing unpredictability without the corresponding advantage of greater fidelity to the intent of Congress." *Irwin v. Dept. of Veterans Affairs*, 498 U.S. 89, 95, 111 S. Ct. 453, 112 L. Ed. 2d 435 (1990), *reh'g denied*, 498 U.S. 1075 (1991).

Another problem with the lower courts' approach to the Section 1498(b) defenses regarding the "hard view" versus the "soft view" described by the Court of Federal Claims, *see Blueport*, 76 Fed. Cl. at 717-18 (discussing) *and Blueport*, 533 F.3d at 1381 (affirming), is that the cases relied upon addressed questions of statutes of limitations in the context of waiver or estoppel, rather than burden of proof, as is the case here. *See, e.g., Venture Coal Sales Co. v. U.S.*, 370 F.3d 1102,

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3. The present case provides a good example of this wastage. The parties here conducted extensive expert discovery and depositions on infringement issues, and a week-long trial on the merits, before the Court of Federal Claims (for which the CFC travelled to Portland, Oregon), only to have the same court rule later that it did not have jurisdiction in the first place and so could not reach the merits.

1105 n. 2 (Fed.Cir.2004) (affirming dismissal of the case as time barred under 28 U.S.C. § 2501); *Ariadne Fin. Servs. Pty. Ltd. v. U.S.*, 133 F.3d 874, 878 (Fed.Cir.1998) (dismissal on statute of limitations) *MacLean v. U.S.*, 454 F.3d 1334, 1336 (Fed. Cir. 2006) (statute of limitations must be strictly construed); *Hopland Band of Pomo Indians v. U.S.*, 855 F.2d 1573, 1576-77 (Fed. Cir. 1988)) (limitations period not capable of waiver or subject to an estoppel); *Martinez v. U.S.*, 333 F.3d 1295 (Fed. Cir. 2003) (Section 2501's limitations period subject to equitable tolling); *Frazer v. U.S.*, 288 F.3d 1347, 1353 (Fed.Cir.2002) (Section 2501's limitations period); *John R. Sand & Gravel Co. v. U.S.*, — U.S. —, 128 S. Ct. 750, 169 L. Ed. 2d 591 (2008) (*stare decisis* establishes the statute of limitations in § 2501 is an element of subject matter jurisdiction not subject to waiver) (citing *Kendall v. U.S.*, 107 U.S. 123, 2 S. Ct. 277, 27 L. Ed. 437 (1883)). In the present case there is no issue of waiver, because the Government certainly raised the Section 1498(b) defenses. Rather, the issue is which party properly bears the burden of proof, and whether Blueport carried that burden. The Court of Federal Claims and Federal Circuit incorrectly applied a hard and fast rule that the Section 1498(b) defenses are jurisdictional and therefore the plaintiff bears the burden of proof (or *dis*-proof), rather than looking to the intent of Congress as to who should carry the burden. The Section 1498(b) defenses bear much stronger analogy to the treatment of statutes such as the "discretionary function" exception to the Federal Tort Claims Act, 28 U.S.C. § 2680, than to questions of whether time bars are subject to waiver or estoppel, and consistency requires they be treated similarly.

Moreover, the Federal Circuit ruling contradicts the remedial nature of the amendments to Section 1498, which expanded the rights of Federal employees to remove the unnecessarily draconian complete bar against claims by Federal employees. The enumerated defenses of Sections 1498(a) and (b) were intended as remedial measures *expanding* the rights of Federal employees, and should be interpreted in that light. *Strategical Demolition Torpedoe Co. v. U.S.*, 110 F. Supp. 264, 266, 124 Ct. Cl. 492 (Ct. Cl. 1953) (citing transcript of hearings before the Subcommittee of the Committee on the Judiciary of the House of Representatives, considering H.R. 3975, in 1952) (noting that, although not retroactive, the provisos were intended to remedy unjust prior provisions denying Federal employee claims under any circumstances).

Further, the Federal Circuit ruling is inconsistent with the legislative history of Section 1498(b). The legislative history shows that Section 1498(b) defenses were intended as affirmative defenses, with the burden of proof on the Government. In *Strategical Demolition Torpedo Co.*, the court analyzed the legislative history of the 1952 amendments to Section 1498(a), relating to patents, which demonstrated that the burden lay with the Government to prove the exceptions after a plaintiff has made a *prima facie* showing —

> There could have been a recovery in his case ***unless the Government could have shown*** that the invention related to the duties of the Government employee co-patentee or unless he was in a position at or about the time the invention was used to influence its use.

Id. at 267 (emphasis added).

The purpose enacting Section 1498 and the legislative history showing the intent are important considerations, ignored by the Federal Circuit. Long precedent establishes the "familiar canon of statutory construction that remedial legislation should be construed broadly to effectuate its purposes." *Tcherepnin v. Knight*, 389 U.S. 332, 336, 88 S. Ct. 548, 19 L. Ed. 2d 564 (1967). This canon frequently has been applied in interpreting Federal statutes conferring benefits and rights on employees. *See Consolidated Rail Corp. v. Gottshall*, 512 U.S. 532, 543, 114 S. Ct. 2396, 129 L. Ed. 2d 427 (1994) (Federal Employers' Liability Act); *Corning Glass Works v. Brennan*, 417 U.S. 188, 208, 94 S. Ct. 2223, 41 L. Ed. 2d 1 (1974) (Equal Pay Act); *Haberman v. Finch*, 418 F.2d 664, 667 (2d Cir. 1969) (Social Security Act); *Forshey v. Gober*, 226 F.3d 1299, 1303 (Fed. Cir. 2000) (applying same rule to veterans' benefits statute).

B. The Federal Circuit Misconstrued The Section 1498(b) Defenses To Not Require A Nexus Between The Government's Infringement And The Alleged Position To Order, Influence Or Induce.

The Federal Circuit misconstrued the Section 1498(b) defenses in denying Davenport's cause of action based on the "order, influence or induce" defenses, regardless of whether the defense is jurisdictional or an affirmative defense. The Federal Circuit's misconstruction has several perverse effects. First, the failure to require a nexus effects a change in the law of license, such that any limited license granted by an employee to the Government inherently morphs into an irrevocable license, unrestricted in time and scope. In other words, there is no longer such a thing as a limited, revocable license to the Government. Second, the failure to require a nexus places Section 1498(b) in

conflict with the separability of rights in the Copyright Act, 17 U.S.C. § 106. Finally, the failure to require a nexus undermines the remedial intent of Section 1498 by creating an insurmountable barrier to any Federal employee seeking redress.

When an employee actively opposes the Government's use of their copyrighted software, yet the Government uses that software in spite of the employee's opposition, the only logical conclusion is that the employee was not in a position to order, influence or induce the Government's use. Here, Blueport alleges infringement from May 15, 2000 (the date of the AUMD program expiration dates, known in advance by the Air Force) and after by the Government through hacking, copying and distributing hacked copies of AUMD, and then, separately, through creation, copying and distribution of MARS. Davenport did not encourage this use. Indeed, he tried to stop the Government from using AUMD but he had no influence whatsoever. Had the Federal Circuit not eliminated the requirement of a nexus between infringing acts and position alleged to constitute influence or ability to induce, such a finding would obviously have been clear error. *See Bose Corp. v. Consumers Union of U.S., Inc.*, 466 U.S. 485, 501 n.17, 104 S. Ct. 1949, 80 L. Ed. 2d 502 (1984), *reh'g denied*, 467 U.S. 1267, 104 S. Ct. 3561, 82 L. Ed. 2d 863 (1984).

1. Eliminating The Need For A Nexus Fundamentally Alters The Law Of Licenses As Related To The Government.

The failure to require any nexus between the Government's infringing acts and the employee's alleged position of influence effectively renders any license granted to the Government by a Federal employee inherently unlimited. This upends the law relating to license, a result clearly not intended by Congress.

The Air Force committed two distinct violations of Blueport's rights, each violation involving separate acts which must be evaluated independently under Section 1498(b). First, after the permissive license expired according to its express terms on May 15, 2000, the Air Force had SAIC hack into the AUMD source code to override the built-in expiration date and create a new, hacked, version for copying and distribution. Second, the Air Force created a derivative work based on the AUMD software, called MARS, and then copied and distributed this derivative work.

Davenport lacked any ability or position to influence, induce — and instead he actively tried to stop — the Air Force's creation, copying and distribution of the hacked versions of the AUMD programs. He similarly lacked any ability or position to influence, or induce — and was powerless to stop — the creation of derivative work MARS by SAIC from his copyrighted software. Moreover, even if the Court concluded that copying and distributing the hacked versions of the AUMD programs fell within the "order, influence or induce" defense, it does not automatically follow that all unauthorized use,

including transformative use by creating other derivative works, is subject to the same defense. The Federal Circuit's ruling lumps these distinct and separate acts and defenses together.

The Government's decision in the *Matter of Government Acquisition of License to Employee's Invention*, B-199,026, 60 Comp. Gen. 248, 1981 WL 22453 (Comp. Gen. Feb. 11, 1981) (hereinafter "*Comptroller's Opinion*"), demonstrates the nexus requirement. The Government in that case, evaluating the nearly identical provisions of Section 1498(a), determined that although the employee, Mr. Jeffers, was in a position to order, influence or induce, use of his patent, Section 1498(a) did not prohibit the Government from taking a royalty bearing license if the employee was properly shielded from the decision making process. *Comptroller Opinion*, 60 Comp. Gen. at 248. In other words, if the nexus between the Government's use at issue and the employee's position of influence is severed then the Section 1498(a) defense allowing the Government to appropriate a royalty-free license does not apply. *Id.*, at 251. The Comptroller rejected the argument that Section 1498(a) permitted the Government to take a royalty-free license simply because an employee was in a position to order, influence or induce when there was clearly no nexus between the position of influence and the Government's decision. Ironically, here, the Government argues exactly the opposite position.

The Federal Circuit's ruling in the present case eliminates this nexus requirement. The Federal Circuit's opinion has the perverse result that if Mr. Jeffers had

refused to grant any license to the Government, if he had objected to and actively opposed granting a license, the Government would have had the right to take a compulsory license without compensation.

Under the Federal Circuit's construction, any limited, permissive license in a work becomes under Section 1498(b) an unlimited royalty free license for any use whatsoever — for the life of the copyright. Any permissive use waives all rights for all time. This astonishing reading of Section 1498(b) transforms Congress' attempt at remedial legislation to grant Federal employees rights similar to other citizens into a weapon the Government may use to take the property of Federal workers without compensation.

The "order, influence, or induce" defense necessarily relates to the time and nature of the infringing acts. This is not reading an "exception into the 'order, influence, or induce' proviso", *see Blueport*, 533 F.3d at 1382, but rather is necessary to make the proviso consistent with other laws. The Federal Circuit's ruling creates an insurmountable obstacle to any suit by a Federal employee. All employees are in a position to at least "influence, or induce" use of their work. However, even if they objected to the Government's use, even if such use was completely non-permissive, if the employee were in such a theoretical position to "influence, or induce" any use whatsoever, at any time in their career, then they would be barred by the Federal Circuit.

The requirement for nexus is congruent with the waiver of sovereign immunity under Section 1498(b). The purpose of the "order, influence or induce" defense

is to prevent self-dealing by Government employees, rather than being a corollary to work-for-hire or shop right doctrines. *Comptroller's Opinion*, 60 Comp. Gen. at 250-1. The plain language of the statute bears this out. The trial court incorrectly analogized this Section 1498(b) defense to the "work made for hire" defense under the Copyright Act, and the Federal Circuit apparently accepted the analogy in affirming the trial court's opinion. The "order, influence or induce" defense does not bear such an analogy. There is no comparable element under the "work made for hire" doctrine to the "order, influence or induce" defense. Rather, the "order, influence or induce" defense is more accurately analogized to an implied license defense, to prevent self-dealing, and the Court should properly look to the law of implied license for guidance. An implied license defense requires a defendant to establish some nexus between the terms and limitations of the implied license and the infringing conduct such that the implied license would excuse the (otherwise) infringing conduct. *See, e.g., Carson v. Dynegy, Inc.*, 344 F.3d 446, 451 n.5 (5th Cir. 2003) (citing *Lulirama Ltd., Inc. v. Axcess Broadcast Svcs, Inc.*, 128 F.3d 872, 884 (5th Cir. 1997) and *CMS Software Design Sys., Inc. v. Info Designs, Inc.*, 785 F.2d 1246, 1248 (5th Cir. 1986)) (a defendant bears the burden of proving the existence of any license as an affirmative defense to infringement, and if such existed, whether the license was irrevocable). Moreover, a non-exclusive license is fully revocable as a matter of law where it is not supported by consideration. *Lulirama*, 128 F.3d at 884. Copyright licenses are interpreted narrowly. *Playmedia Sys. Inc. v. Am. Online, Inc.*, 171 F. Supp. 2d 1094, 1099 (C.D. Cal. 2001). Copyright licenses are presumed to prohibit any use not expressly authorized. *Id.* at 1099.

2. The Federal Circuit Construction Conflicts With The Separability Of Rights Granted Under 17 U.S.C. § 106.

The Federal Circuit ruling disenfranchises copyright owners from the individual rights granted in the Copyright Act, 17 U.S.C. § 106. The Copyright Act grants copyright owners separately articulated property rights, which may be assigned or licensed individually without automatic loss of the other rights. *Stewart v. Abend*, 495 U.S. 207, 220-221, 110 S. Ct. 1750, 109 L. Ed. 2d 184 (1990) ("An author holds a bundle of exclusive rights in the copyrighted work, among them the right to copy and the right to incorporate the work into derivative works"); *New York Times Co., Inc. v. Tasini*, 533 U.S. 483, 496, 121 S. Ct. 2381, 150 L. Ed. 2d 500 (2001) ("The 1976 Act rejected the doctrine of indivisibility, recasting the copyright as a bundle of discrete 'exclusive rights,' each of which 'may be transferred . . . and owned separately[.]"); H.R. Rep. 94-1476, 1976 U.S.C.C.A.N. 5659, 5738 ("Each of the five enumerated rights may be subdivided indefinitely and, as discussed below in connection with section 201 [codified at 17 U.S.C. § 201], each subdivision of an exclusive right may be owned and enforced separately.") A limited license granted in one of the listed property rights does not automatically create a license in all. *Respect, Inc. v. Fremgen*, 897 F. Supp. 361, 364 (N.D. Ill. 1995) (citing *Columbia Pictures Industries, Inc. v. Redd Horne, Inc.*, 749 F.2d 154, 158 (3d Cir. 1984); *Columbia Pictures Industries, Inc. v. Redd Horne, Inc.*, 749 F.2d 154, 158 (3rd Cir. 1984).

Here, the Government separately infringed Blueport's copyright in the AUMD programs by creating the MARS programs, which were derivative works. The Federal Circuit's opinion lumped together all of the rights and uses of the copyrighted works in violation of 17 U.S.C. § 106 such that any grant of even a limited license to copy and use the AUMD programs for a limited time morphs under 28 U.S.C. § 1498(b) into an unlimited license in time and scope conveying all of the individual rights granted under 17 U.S.C. § 106. The Federal Circuit's opinion places Section 1498(b) in direct conflict with the Copyright Act and Supreme Court precedent.

C. The Conjunction Of Erroneously Placing The Burden Of Proof On Plaintiff With A Ruling That Requires No Nexus Between The Acts Alleged To Infringe And Those Alleged To Establish The Defenses, Swallows The Section Whole.

Federal employees will have no right of recourse for copyright infringement by the Government if the Federal Circuit's rulings are allowed to stand. The language ". . . position to influence or induce . . ." is nebulous enough, but requiring an employee to disprove that defense, and then placing no requirement of a nexus between the acts alleged to infringe and the nebulous term "position", destroys the entire purpose for Section 1498(a) and (b) in the first place, i.e., remedial measure designed to give to Federal employees the same rights in suit against the government that non-employees had.

CONCLUSION

The Federal Circuit's misconstruction of the defenses in 28 U.S.C. § 1498(b) highlights the split between the Circuit Courts of Appeal, and within the Federal Circuit itself, regarding whether the Government bears the burden of proving exceptions to substantive waivers of sovereign immunity. The Federal Circuit incorrectly construed the "order, influence or induce" exception in Section 1498(b) to not require any nexus to the Government's infringing acts. This lack of required nexus effects a change in the law of limited licenses and conflicts with the separability of individual rights of copyright owners under 17 U.S.C. § 106. This lack of a required nexus also conflicts with the remedial nature of the Section 1498(b) provisos. Based upon the foregoing it is respectfully requested that this Court grant the writ of certiorari.

Respectfully submitted,

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APPENDIX

APPENDIX A — OPINION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT DECIDED JULY 25, 2008

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2007-5140

BLUEPORT COMPANY, LLC,

Plaintiff-Appellant,

v.

UNITED STATES,

Defendant-Appellee.

DECIDED: July 25, 2008

Before MICHEL, *Chief Judge*, CLEVENGER, *Senior Circuit Judge*, and GAJARSA, *Circuit Judge*.

GAJARSA, *Circuit Judge*.

This is an action brought by Blueport Co. ("Blueport") against the United States for copyright infringement and violations of the Digital Millennium Copyright Act of 1998 ("DMCA"), Pub.L. No. 105-304, 112 Stat. 2860 (Oct. 28, 1998), codified at 17 U.S.C. § 1201, et seq. The Court of Federal Claims ("CFC") dismissed Blueport's claims for lack of jurisdiction on

the ground that the Government has not waived sovereign immunity for any of Blueport's claims. Because the CFC's decision contains no reversible legal error, we affirm.

BACKGROUND

In this case, Blueport claims that the Government—specifically the U.S. Air Force—infringed Blueport's copyright on a software program known as "the AUMD program." The AUMD program was written by Air Force Technical Sergeant Mark Davenport. On March 6, 2000, Davenport assigned all his rights in the AUMD program to Blueport.

When Davenport wrote the AUMD program, he was employed as a manager of the Air Force Manpower Data System ("MDS"), a database containing manpower profiles for each unit in the Air Force. In his capacity as an MDS Manager, Davenport updated the MDS with new data and provided reports from the MDS to Air Force personnel upon request. Davenport was also a member of the Air Force's Manpower User Group, a group of manpower personnel from each of the Air Force's major commands who provided guidance on the use of the MDS. Based on his experience with the MDS, Davenport concluded that the software the Air Force used to run the MDS was inefficient and began seeking ways to redesign the software program. Davenport initially requested training in computer programming from the Air Force, but his request was denied. Undeterred, Davenport learned the computer

programming skills necessary to write the AUMD program on his own time and with his own resources. Davenport then wrote the source code[1] for the AUMD program while at home on his personal computer. Although he wrote the program solely at his home and at his own initiative, Davenport's intent in writing the program was that other Air Force manpower personnel would use it.

In June 1998, Davenport shared an early version of the program with a fellow coworker, and both tested the program on the MDS at work during regular business hours. Based on the results of this testing, Davenport made changes to the source code of the AUMD program on his home computer. Davenport did not at that time, or at any time thereafter, bring the AUMD program's source code to work or copy it onto Air Force computers.

After these initial tests, Davenport began sharing copies of the AUMD program with other colleagues. At first, Davenport shared the AUMD program with colleagues by giving them a computer disk containing the program or by personally installing the program on

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1. Source code is the text of a software program written in a human-readable programming language. Microsoft Computer Dictionary 491 (5th ed.2002). Once written, source code is compiled into machine-readable object code that runs on a computer. *Id.* at 372. Software programmers usually provide users with only the object code in order to prevent users from modifying the program. Theodore C. McCullough, *Understanding the Impact of the Digital Millennium Copyright Act on the Open Source Model of Software Development*, 6 Marq. Intell. Prop. L.Rev. 91, 93-94 (2002).

their computers. Later, Davenport posted the AUMD program on an Air Force web page so that Air Force manpower personnel could download it directly. As the program became popular within the Air Force manpower community, Davenport's superiors asked him to train additional personnel in its use. During this time, he continued to modify the program based on feedback he received and, as a result, improved its functionality and eliminated programming errors. At some point, Davenport added an automatic expiration date to each new version of the AUMD program so that users were required to download the newest version when the older one expired.

In September 1998, Davenport gave a presentation to senior Air Force manpower officers at an annual conference and, according to one of Davenport's superiors, "absolutely sold his audience" on the AUMD program. Davenport's performance report deemed him the "go to troubleshooter for [the] entire [Air Force] manpower community . . . [and] the most knowledgeable database manager in [the] career field." The performance report concluded with a recommendation to promote Davenport immediately.

Despite Davenport's success in creating the AUMD program and his willingness to share it, the Air Force eventually decided it was becoming too dependent on Davenport for access to the program. Accordingly, Davenport's superiors asked him to turn over the source code for the program, which Davenport had always kept on his home computer. When he refused to turn over

the source code, his superiors threatened him with a demotion and a pay cut, and excluded him from the Manpower User Group's advisory authority.

Davenport then assigned all his rights in the AUMD program to Blueport. Subsequently, Blueport attempted to negotiate a license agreement with the Air Force. However, the Air Force refused Blueport's offer and solicited other contractors to recreate the AUMD program. The Air Force ultimately contracted with Science Applications International Corporation ("SAIC"). At the request of the Air Force, SAIC programmers modified the AUMD program's object code to extend its expiration date. This modification allowed Air Force manpower personnel to continue to use the AUMD program despite Davenport's refusal to provide the source code.

In 2002, Blueport brought the present claims against the Government for copyright infringement and violations of the DMCA. Specifically, Blueport argues that the Air Force infringed its copyright in the AUMD program. In addition, Blueport argues that the Air Force violated the DMCA by extending the expiration date in the AUMD program's object code—thus circumventing the measures taken by Blueport to prevent unauthorized use of the program.[2] The CFC dismissed Blueport's claims for lack of jurisdiction on

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2. The DMCA provides that "[n]o person shall circumvent a technological measure that effectively controls access to a work protected [by a copyright] under this title." 17 U.S.C. § 1201(a)(1)(A).

the ground that the Government had not waived its sovereign immunity for any of the claims. Blueport now appeals. This court has jurisdiction pursuant to 28 U.S.C. § 1295(a)(3).

DISCUSSION

In appeals from the CFC, this court reviews fact findings for clear error and legal rulings without deference. *John R. Sand & Gravel Co. v. United States*, 457 F.3d 1345, 1353 (Fed.Cir.2006) (hereinafter *John R. Sand & Gravel I)*, aff'd, __ U.S. __, 128 S.Ct. 750, 169 L.Ed.2d 591 (2008) (hereinafter *John R. Sand & Gravel II*). "A finding is 'clearly erroneous' when although there is evidence to support it, the reviewing court on the entire evidence is left with the definite and firm conviction that a mistake has been committed." *United States v. United States Gypsum Co.*, 333 U.S. 364, 395, 68 S.Ct. 525, 92 L.Ed. 746 (1948). Although findings of fact relating to jurisdictional issues are reviewed for clear error, the ultimate determination of the CFC's jurisdiction is a question of law that is reviewed de novo. *John R. Sand & Gravel I*, 457 F.3d at 1354.

In this appeal, we are required to consider the scope and application of the Government's waiver of sovereign immunity for copyright infringement under 28 U.S.C. § 1498(b). We are also required to consider whether the Government has waived its sovereign immunity for claims brought under the DMCA. In so doing, we bear in mind two long-established principles of sovereign immunity. First, "the United States, as [a] sovereign,

'is immune from suit save as it consents to be sued . . . and the terms of its consent to be sued in any court define that court's jurisdiction to entertain the suit.' " *United States v. Testan*, 424 U.S. 392, 96 S.Ct. 948, 953, 47 L.Ed.2d 114 (1976) (quoting *United States v. Sherwood*, 312 U.S. 584, 586, 61 S.Ct. 767, 85 L.Ed. 1058 (1941)). Second, "a waiver of the Government's sovereign immunity will be strictly construed, in terms of its scope, in favor of the sovereign." *Lane v. Pena*, 518 U.S. 187, 192, 116 S.Ct. 2092, 135 L.Ed.2d 486 (1996); *see also Martinez v. United States*, 333 F.3d 1295, 1306 (Fed.Cir.2003) (en banc) ("The 'limitations and conditions upon which the Government consents to be sued must be strictly observed and exceptions thereto are not to be implied.' " (quoting *Soriano v. United States*, 352 U.S. 270, 276, 77 S.Ct. 269, 1 L.Ed.2d 306 (1957))).

I.

The waiver of sovereign immunity for copyright infringement in 28 U.S.C. § 1498(b) is, in relevant part, as follows:

> Hereafter, whenever the copyright in any work protected under the copyright laws of the United States shall be infringed by the United States, . . . the exclusive action which may be brought for such infringement shall be an action by the copyright owner against the United States in the Court of Federal Claims for the recovery of his reasonable and entire compensation as damages for such

> infringement . . . : *Provided*, That a Government employee shall have a right of action against the Government under this subsection except where he was in a position to order, influence, or induce use of the copyrighted work by the Government: *Provided*, however, That this subsection shall not confer a right of action on any copyright owner or any assignee of such owner with respect to any copyrighted work prepared by a person while in the employment or service of the United States, where the copyrighted work was prepared as a part of the official functions of the employee, or in the preparation of which Government time, material, or facilities were used. . . .

(Emphases added). Thus, § 1498(b) grants copyright owners a right of action for copyright infringement against the United States, subject to three provisos. First, § 1498(b) does not provide a Government employee a right of action "where he was in a position to *order, influence, or induce* use of the copyrighted work by the Government." *Id.* (emphasis added) (hereinafter "the order, influence, or induce proviso"). Second, § 1498(b) confers no right of action "with respect to any copyrighted work prepared by a person while in the employment or service of the United States, where the copyrighted work was prepared as a part of the *official functions* of the employee." *Id.* (emphasis added) (hereinafter "the official functions proviso"). Third, § 1498(b) confers no right of action "with respect to any

copyrighted work ... in the preparation of which *Government time, material, or facilities* were used." *Id.* (emphasis added) (hereinafter "the Government time, material, or facilities proviso").

The CFC held that Blueport's copyright infringement claim against the Government was separately barred by all three provisos in § 1498(b) and thus dismissed the claim for lack of jurisdiction. On appeal, Blueport makes three arguments challenging the CFC's dismissal of its copyright infringement claim. First, Blueport argues that the provisos in § 1498(b) are affirmative defenses that must be proven by the Government, rather than jurisdictional limitations that Blueport itself must overcome. Second, Blueport argues that even if the § 1498(b) provisos are jurisdictional, the Government has the burden to show that Blueport's claims are barred by one of the provisos. Third, Blueport argues that its copyright infringement claim does not fall within any of the § 1498(b) provisos. We disagree with Blueport on all three arguments and will address each in turn.

A.

Whether a limitation on claims which may be brought against the government is jurisdictional—i.e., limits the scope of the Government's waiver of sovereign immunity—or is merely an affirmative defense that may be raised by the Government, depends on the language and context of the statute at issue. *See John R. Sand & Gravel II*, 128 S.Ct. at 754-57; *United States v.*

Brockamp, 519 U.S. 347, 352-54, 117 S.Ct. 849, 136 L.Ed.2d 818 (1997); *United States v. Beggerly*, 524 U.S. 38, 48-49, 118 S.Ct. 1862, 141 L.Ed.2d 32 (1998). For example, both the Supreme Court and this court have examined the language and context of various statutes of limitations on claims against the Government to determine whether the time limits they impose are jurisdictional—and thus not subject to issue waiver by the Government or equitable tolling. *See, e.g.*, *John R. Sand & Gravel II*, 128 S.Ct. at 753-54 (reaffirming that the statute of limitations for the Court of Federal Claims, 28 U.S.C. § 2501, is a jurisdictional limitation that requires sua sponte consideration);[3] *Beggerly*, 524 U.S. at 48, 118 S.Ct. 1862 ("Equitable tolling is not permissible where it is inconsistent with the text of the relevant statute."); *Martinez*, 333 F.3d at 1318 (noting numerous Federal Circuit cases and stating that "[f]ollowing the Supreme Court's lead, we have determined that certain statutes of limitations are subject to equitable tolling and that others are not, depending on the language and context of the particular limitation statute at issue"). Accordingly, we look to the text of § 1498(b) to determine whether the limitations therein are jurisdictional.

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3. The Court also explained in *John R. Sand & Gravel II* that, just as in suits between private parties, there is a rebuttable presumption that equitable tolling applies to suits against the United States. 128 S.Ct. at 755 (citing *Irwin v. Dep't of Veterans Affairs*, 498 U.S. 89, 95-96, 111 S.Ct. 453, 112 L.Ed.2d 435 (1990)). However, that presumption is not applicable here, because Blueport's suit was not dismissed for failure to comply with a statute of limitations.

Appendix A

The text and structure of § 1498(b) demonstrate that the three provisos to the waiver of sovereign immunity are jurisdictional limitations. First, the fact that these provisos are part of the same subsection as the general waiver of sovereign immunity for copyright infringement indicates that they define the scope of the Government's waiver, rather than the Government's affirmative defenses. *See* § 1498(b). Indeed, the provisos are part of the same sentence in which Congress granted the general waiver of sovereign immunity for copyright infringement. *See id.* Second, the provisos themselves are phrased in terms of withholding a waiver of sovereign immunity for certain "rights of action." The "order, influence, or induce" proviso states that a government employee " *shall have a right of action* against the Government under this subsection *except* where he was in a position to order, influence, or induce use of the copyrighted work by the Government." *Id.* (emphases added). Likewise, the "official functions" proviso and the "Government time, material, or facilities" proviso state that "this subsection *shall not confer a right of action*. . . ." *Id.* (emphasis added). Thus, the most natural reading of § 1498(b) is that Congress has not waived sovereign immunity for any claim that falls within the scope of the § 1498(b) provisos. *Cf. Zoltek Corp. v. United States*, 442 F.3d 1345, 1350 (Fed.Cir.2006) (construing 28 U.S.C. § 1498(a) as not waiving sovereign immunity for infringement of a patented process where the Government did not perform all steps of the process in the United States).

Accordingly, we interpret the provisos of § 1498(b) as carving out three classes of copyright infringement claims from the Government's general waiver of sovereign immunity for copyright infringement. This reading comports with the principle that any uncertainty as to the scope of a waiver of sovereign immunity should be resolved by construing the waiver narrowly, in favor of the sovereign. *Lane*, 518 U.S. at 192, 116 S.Ct. 2092. It follows that because "the terms of the Government's consent to be sued in any court define that court's jurisdiction to entertain the suit," *Testan*, 96 S.Ct. at 953, the CFC lacks jurisdiction over any copyright infringement claim within the scope of the § 1498(b) provisos.

B.

Blueport also argues that even if the three § 1498(b) provisos are jurisdictional, the Government has the burden of proving that its claim is barred by one of the provisos. In support, Blueport analogizes to cases in other circuit courts which imposed the burden on the Government to prove the exceptions to the waiver of sovereign immunity in the Federal Tort Claims Act ("FTCA"), 28 U.S.C. § 2680. *See, e.g., Prescott v. United States*, 973 F.2d 696, 702 (9th Cir.1992) ("Because an exception to the FTCA's general waiver of immunity although jurisdictional on its face, is analogous to an affirmative defense, we believe the Sixth and Seventh Circuits correctly placed the burden on the United States as the party which benefits from the defense."); *Stewart v. United States*, 199 F.2d 517, 520 (7th Cir.1952)

(holding that the exceptions to the waiver of sovereign immunity in the FTCA are affirmative defenses that must be raised and proven by the government). Other circuit courts, however, have declined to follow the cases cited by Blueport. *See, e.g., Sharp v. United States*, 401 F.3d 440, 443 n. 1 (6th Cir.2005) (noting that *Prescott* may conflict with the Supreme Court decision in *United States v. Gaubert*, 499 U.S. 315, 111 S.Ct. 1267, 113 L.Ed.2d 335 (1991) and declining to address whether the plaintiff or the Government has the burden of proving the FTCA's discretionary function exception); *Kiehn v. United States*, 984 F.2d 1100, 1105 n. 7 (10th Cir.1993) (same); *Autery v. United States*, 992 F.2d 1523, 1526 n. 6 (11th Cir.1993) (same).

We agree with the CFC that the cases cited by Blueport are unpersuasive. First, these cases all interpret a statute, namely the FTCA, which is not at issue in this case. Second, the circuit courts are divided on whether these FTCA cases are consistent with Supreme Court precedent, in particular the Court's decision in *Gaubert*. Third, we see no reason to interpret 28 U.S.C. § 1498(b) contrary to the long-established practice of placing the burden of establishing jurisdiction on the party "who claims that the power of the court should be exerted in his behalf." *McNutt v. Gen. Motors Acceptance Corp.*, 298 U.S. 178, 189, 56 S.Ct. 780, 80 L.Ed. 1135 (1936). Indeed, it is to be presumed that a cause of action lies outside the limited jurisdiction of the federal courts. *Kokkonen v. Guardian Life Ins. Co. of Am.*, 511 U.S. 375, 377, 114 S.Ct. 1673, 128 L.Ed.2d 391 (1994) (citing *Turner v. Bank of N. Am.*, 4 U.S. (4

Dall.) 8, 11, 1 L.Ed. 718 (1799)). Moreover, the Supreme Court has made clear that "the burden of establishing the contrary rests upon the party asserting jurisdiction." *Id.* (citing *McNutt*, 298 U.S. at 182-83). Accordingly, the CFC correctly held that Blueport had the burden of showing that its claim is not barred jurisdictionally by the § 1498(b) provisos.

C.

Finally, we consider whether Blueport has met its burden to show that its copyright infringement claim does not fall within any of the § 1498(b) provisos. Because we agree with the CFC that Blueport's claim is barred by the "order, influence, or induce" proviso, we need not address whether the claim is also barred by the remaining provisos.

As noted, the "order, influence, or induce" proviso excludes claims by a Government employee who "was in a position to order, influence, or induce use of the copyrighted work by the Government" from the waiver of sovereign immunity for copyright infringement. *See* § 1498(b). Here, the CFC found that Davenport's position as a member of the Air Force manpower community gave him access and authority to distribute the AUMD program freely to his colleagues. *Blueport Co. v. United States*, 76 Fed.Cl. 702, 723 (2007). In particular, the CFC found that Davenport distributed the AUMD program both by sharing individual copies with his colleagues and by posting the program on an Air Force web page so that many more people in the Air

Force manpower community could access it. *Id.* The CFC also found that Davenport demonstrated the AUMD program to senior Air Force manpower personnel and was part of the Manpower User Group's advisory authority. *Id.* at 723-25. These fact findings are not clearly erroneous. In addition, the CFC concluded, based on these findings, that Davenport was in a position to influence and induce the Air Force's use of the program. *Id.* We agree. Because Blueport's rights in the AUMD program are derived from Davenport, we agree with the CFC that Blueport's copyright infringement claim against the Government is precluded by the "order, influence, or induce" proviso.

Nevertheless, Blueport argues that even if Davenport was once in a position to influence or induce the use of the AUMD program by the Air Force, he lost that position when he was excluded from the Air Force's Manpower User Group. On this basis, Blueport argues that it may bring a copyright infringement claim for the Air Force's use of the AUMD program after Davenport lost this position of influence. We disagree. Nothing in § 1498(b) suggests that a party who was in a position to influence the Government's use of a copyrighted work can later bring a claim against the Government for continued use of that work after he lost his position of influence. Moreover, we decline Blueport's invitation to read such an exception into the "order, influence, or induce" proviso. *See Soriano*, 352 U.S. at 276, 77 S.Ct. 269 (explaining that the "limitations and conditions upon which the Government consents to be sued must be strictly observed and exceptions thereto are not to be implied").

In sum, the CFC correctly determined that Blueport's copyright infringement claim falls within the "order, influence or induce" proviso of § 1498(b). Accordingly, Blueport's claim is outside the scope of the Government's waiver of sovereign immunity for copyright infringement claims, and the CFC was correct to dismiss the claim for lack of jurisdiction.

II.

The CFC also dismissed Blueport's DMCA claims against the Government on the ground that the Government has not waived sovereign immunity for DMCA claims. Before the CFC and on appeal, Blueport's arguments against dismissal of its DMCA claims amount to a contention that a waiver of sovereign immunity for DMCA claims should be inferred. However, it is well-established that a waiver of sovereign immunity "cannot be implied but must be unequivocally expressed." *United States v. King*, 395 U.S. 1, 4, 89 S.Ct. 1501, 23 L.Ed.2d 52 (1969).

The DMCA itself contains no express waiver of sovereign immunity. Indeed, the substantive prohibitions of the DMCA refer to individual persons, not the Government. *See* 17 U.S.C. § 1201(a)(1)(A) (providing that "[n]o *person* shall circumvent a technological measure that effectively controls access to a work protected under this title" (emphasis added)); 17 U.S.C. § 1201(a)(1)(B) (providing that "[t]he prohibition contained in subparagraph (A) shall not apply to *persons* . . ." (emphasis added)); 17 U.S.C.

§ 1202(a) (providing that "[n]o *person* shall knowingly and with the intent to induce, enable, facilitate, or conceal infringement . . ." (emphasis added)); 17 U.S.C. § 1203(c)(1) (providing that "a *person* committing a violation of section 1201 or 1202 is liable for. . . ." (emphasis added)). As the CFC correctly observed, to hold that the DMCA includes a waiver of sovereign immunity would "require construing the word 'person' to include the term 'sovereign'." *Blueport Co. v. United States*, 71 Fed.Cl. 768, 780 (2006). Blueport's construction of the DMCA thus violates the rule that a waiver of sovereign immunity must be express. *See King*, 395 U.S. at 4, 89 S.Ct. 1501.

Blueport also argues that the Tucker Act, 28 U.S.C. § 1491(a)(1), provides a general waiver of sovereign immunity that authorizes DMCA claims against the Government. The Tucker Act gives the CFC jurisdiction over "any claim against the United States founded either upon the Constitution, or any Act of Congress or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort." 28 U.S.C. § 1491(a)(1). This court has explained that "because the Tucker Act itself does not create a substantive cause of action, 'in order to come within the jurisdictional reach and the waiver of the Tucker Act, a plaintiff must identify a separate source of substantive law that creates the right to money damages.' " *Jan's Helicopter Serv., Inc. v. Fed. Aviation Admin.*, 525 F.3d 1299, 1306 (Fed.Cir.2008) (quoting *Fisher v. United States*, 402 F.3d 1167, 1172 (Fed.Cir.

2005) (en banc in relevant part)). "In the parlance of Tucker Act cases, that [statutory] source must be 'money-mandating.' " *Fisher*, 402 F.3d at 1172. A statute is money-mandating if it " 'can fairly be interpreted as mandating compensation by the Federal Government for the damages sustained.' " *United States v. Mitchell*, 463 U.S. 206, 216-17, 103 S.Ct. 2961, 77 L.Ed.2d 580 (1983) (quoting *Testan*, 424 U.S. at 400, 96 S.Ct. 948). Moreover, a statute can be interpreted as money-mandating if it grants the claimant a right to recover damages either "expressly or by implication." *Id.* at 217 n. 16, 103 S.Ct. 2961 (citation omitted).

Here, the DMCA cannot be fairly interpreted as containing either an express or implied right to recover money-damages from the Government. First, as discussed above, the substantive prohibitions of the DMCA refer to persons, not the Government. Second, the DMCA specifically grants jurisdiction over DMCA claims to federal district courts, not the CFC. *See* 17 U.S.C. § 1203(a) (providing that "[a]ny person injured by a violation of section 1201 or 1202 may bring a civil action in an appropriate United States *district court* for such violation" (emphasis added)). This court has held that the CFC lacks jurisdiction to adjudicate claims created by statutes, like the DMCA, which specifically authorize jurisdiction in the district courts. *See, e.g., Ledford v. United States*, 297 F.3d 1378, 1382 (Fed.Cir.2002) (holding that 26 U.S.C. § 7432(a), which states "such taxpayer may bring a civil action for damages against the United States in a district court of the United States," provides for jurisdiction in the

district courts, not the CFC); *LeBlanc v. United States*, 50 F.3d 1025, 1030 (Fed.Cir.1995) (holding that 31 U.S.C. § 3730(h), which states that "[a]n employee may bring an action in the appropriate district court of the United States for the relief provided in this subsection," does not provide jurisdiction in the CFC). Accordingly, we reject Blueport's argument that the CFC has jurisdiction over DMCA claims against the Government under the Tucker Act.

Finally, Blueport argues that even if there is no waiver of sovereign immunity in the DMCA or the Tucker Act, the waiver of sovereign immunity in § 1498(b) is sufficient. The CFC properly rejected this argument. This court has held that the DMCA created new claims for liability that are separate and distinct from claims for copyright infringement. *Chamberlain Group, Inc. v. Skylink Techs., Inc.*, 381 F.3d 1178, 1204 (Fed.Cir.2004) ("The DMCA does not create a new property right for copyright owners. . . . The anti-circumvention and anti-trafficking provisions of the DMCA create new grounds of liability."); *see also Storage Tech. Corp. v. Custom Hardware Eng'g & Consulting, Inc.*, 421 F.3d 1307, 1318-19 (Fed.Cir.2005) (discussing the relationship between copyright infringement and violations of the DMCA). Because a claim for a violation of the DMCA is not, as Blueport argues, a subset of claims for copyright infringement, the CFC was correct to hold that the waiver of sovereign immunity in § 1498(b) does not extend to claims against the Government pursuant to the DMCA.

Accordingly, the CFC was correct to dismiss Blueport's DMCA claims for lack of jurisdiction.

CONCLUSION

For the foregoing reasons, the CFC's decision dismissing Blueport's claims against the Government for lack of jurisdiction is

AFFIRMED.

APPENDIX B — OPINION OF THE UNITED STATES COURT OF FEDERAL CLAIMS DATED MAY 7, 2007

UNITED STATES COURT OF FEDERAL CLAIMS

No. 02-1622 C

BLUEPORT COMPANY, LLP,

Plaintiff,

v.

THE UNITED STATES,

Defendant.

May 7, 2007

OPINION AND ORDER

BLOCK, Judge.

General Matthew B. Ridgway once observed that, "what throws you in combat is rarely the fact that your tactical scheme was wrong . . . but that you failed to think through the hard cold facts of logistics."[1] This is especially true for the United States Air Forces

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1. Lt. Col, James C. Rainey, USAF Ret., Cindy Young, & Roger D. Golden, *The Dimensions of Logistics,* Air Force J. of Logistics, Fall 2006, at 84, 84, *available at* http:// www. aflma. hq. af. mil/ lgj/ 10_ Dimensions. pdf.

("USAF"). For example, the few hundred aviators and ground special forces who initially engaged the Taliban and al Qaeda were the "teeth" in the recent Afghanistan campaign. These "teeth," however, would have no bite without a "tail" of thousands of U.S. personnel flying reconnaissance, running ships, transporting supplies, processing intelligence, and moving information. It is this "tail" that allows the USAF to reach halfway around the world, commence almost immediate combat operations in an unexpected, austere theater and then succeed on an extremely chaotic battlefield.[2]

Making sure the USAF has the appropriate "teeth" and "tail" personnel is the responsibility of the Air Force Manpower Agency ("AFMA"). AFMA is a field operating agency[3] within the USAF and provides USAF leaders with the tools necessary to identify the essential manpower required for supporting USAF operations. "Manpower" is the term used to specifically refer to

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2. Col. John Jogerst, USAF, *What's So Special about Special Operations? Lessons from the War in Afghanistan*, Aerospace Power J., Summer 2002, at 98, 101, *available at* http://www.airpower.maxwell.af.mil/airchronicles/apj/apj02/sum02/sum02.pdf.

3. Field operating agencies are subdivisions of the USAF that report directly to Headquarters, U.S. Air Force ("HQ USAF"). They are assigned a specialized mission that is restricted in scope when compared to the mission of a major command. Field operating agencies carry out activities under the operational control of HQ USAF. United States Air Force, Factsheet: The U.S. Air Force, http://www.af.mil/factsheets/ (follow "The U.S. Air Force" hyperlink) (last visited Feb. 9, 2007).

personnel assigned to work in AFMA, who have been trained and assigned to deal exclusively with the technical study of how many spaces or positions are needed to perform specific tasks or functions throughout the USAF.[4] These "manpower personnel" in AFMA determine personnel requirements, develop programming factors, manage performance management programs, assist with the execution of competitive sourcing initiatives, and conduct special studies.[5] All this is done with the final goal of making sure the USAF personnel are efficiently assigned and utilized.

Frequently, AFMA relies on computer databases and programs to help conduct its mission. For example, at one point most of the manpower data for the USAF was stored in a database called the Manpower Data System ("MDS"). Like many computer systems, the MDS had certain limitations. A computer program specifically written to increase the functionality of the MDS is the subject of the instant action. Written by a Technical Sergeant Davenport allegedly on his off-duty hours, the AUMD program allowed AFMA personnel to more easily access local databases storing all types of manpower

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4. As Glendon Hendricks, a man who spent almost his entire military and civilian career in the manpower field, explained at trial, manpower determined the number of spaces necessary to perform work and then personnel would "match up faces [people] with the spaces." Tr. 864.

5. "United States Air Force, Factsheet: Air Force Manpower Agency, http:// www. af. mil/ factsheets/" (follow "Air Force Manpower Agency" hyperlink) (last visited Feb. 9, 2007).

data, such as the number of particular positions at a local base and the number of personnel authorized to perform a particular task of work. The AUMD program also enabled AFMA personnel to print reports containing needed data quicker and also to create customized reports. The program preformed well and was soon used by AFMA personnel stationed around the world. To be sure, so impressed was the Air Force with the program, Technical Sergeant Davenport was asked to provide training and answer questions about the program at various bases in the United States and throughout the Pacific.

Over the next year and a half, Davenport continued to revise and update the AUMD program with improving the program's functionality with the input of AFMA colleagues and other USAF personnel. Occasionally, Davenport would release a new version of the AUMD program, which incorporated all the most recent changes. In all, Davenport produced ten versions of the AUMD program from May 1998 to January 2000.

Seeing the AUMD's success and wishing to profit from the program, Davenport and his uncle established the Blueport Company, LLP ("Blueport") in February 2000—some twenty months after Davenport had produced the first version of the AUMD. Davenport then registered for a copyright for version 2.1d of the AUMD program in March 2000 and in the same month assigned all rights in the program to Blueport. Blueport, in turn, sought a licensing agreement with the USAF for the continued use of the AUMD program.

Desiring to own outright such a program rather than pursuing a licensing agreement, the USAF procured the services of a private contractor to "reverse engineer" the AUMD program, in order to recreate the AUMD's functionality. As part of the process of recreating the computer program's functionality, the USAF instructed the contractor to "hack"[6] into the AUMD program and disable the program's automatic expiration date—the date when the program would automatically cease operation. Disabling the automatic expiration date allowed the USAF to continue using the AUMD program, while its contractor sought to write a new program to replace the copyright-protected AUMD.

Jilted by the USAF, Blueport filed a two-count complaint with this Court. The first count is based on the alleged infringement of Blueport's copyright by the United States. 28 U.S.C. § 1498(b). Specifically, Blueport maintains that the use by the USAF of the AUMD program after the expiration date constituted the infringement. Blueport also contends that the new computer program written by the contractor—the so-called MARS program—also constitutes unlawful infringement because this program of the USAF directly copied Blueport's copyrighted AUMD program. Blueport contends in the complaint's second count that

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6. Hack (*v*): (a) to write computer programs for enjoyment; (b) to gain access to a computer illegally. Merriam-Webster OnLine Dictionary, http:// m-w.com/. *See also Blueport Co., LLP v. United States*, 71 Fed.Cl. 768, 770 n. 4 (2006) (noting the definition of "hack" as "To modify a program, often in an unauthorized manner, by changing the code itself.").

the disabling of the AUMD's automatic expiration date violated the Digital Millennium Copyright Act of 1998 ("DMCA"). 17 U.S.C. § 1201 *et seq.*

In an opinion issued on June 29, 2006, the Court granted the government's summary judgment motion on the second count, holding that the United States Court of Federal Claims lacks jurisdiction under the DMCA to hear the claim. *See Blueport Company*, 71 Fed.Cl. at 768. The Court then conducted a trial in Portland, Oregon, from July 24 to July 28, 2006, regarding issues related to the copyright infringement count of Blueport's complaint. As explained fully below, because Blueport fails to make the requisite jurisdictional showing necessary for a copyright infringement claim against the United States, the Court holds for the defendant. *See* 28 U.S.C. § 1498(b).

FACTUAL BACKGROUND[7]

Information on work profiles for each unit in the USAF—how many airmen are required, at what rank and what level of training are necessary—used to be stored in a database known as the MDS, housed at Gunter Air Force Base in Alabama. CSPFF ¶ 10. The MDS database was developed in the 1990s and replaced an antiquated system that had relied on magnetic tapes and punch cards to store information. Tr. 67. The data

7. Facts from this section are drawn from: Consolidated Statement of Proposed Findings of Fact ("CSPFF"); Trial Transcripts ("Tr."); Plaintiff's Trial Exhibits ("Pl.'s Trail Ex."); and Defendant's Trial Exhibits ("Def.'s Trial Ex.").

in the MDS included skill profiles for each position in the USAF, as well as the training, rank and skill levels of all USAF personnel. *Id.* Manpower personnel constantly accessed the information stored in the MDS to manage the current and future personnel needs of the USAF. *Id.*

Mark Davenport enlisted in the USAF in 1981, and after four years of service, began working in the manpower career field. *Id.* at 63. Around July of 1991, Davenport was transferred to Gunter, and soon thereafter, in 1992, began working on preparing the transition for manpower personnel to use the MDS system. *Id.* at 68-69.

During the beta testing[8] of the MDS, Davenport—then a Technical Sergeant—observed that the system did not allow manpower personnel at local USAF bases throughout the Pacific Air Forces ("PACAF")[9] to print

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8. A beta test is a test of a computer product prior to the program's general or commercial release. Beta testing is the last stage of testing, and normally can involve sending the product to beta test sites outside the program developers for real-world exposure. *See* Merriam-Webster OnLine Dictionary, http://m-w. com/.

9. The USAF is organized into major commands ("MAJCOM") each representing a major Air Force subdivision and each having a specific portion of the Air Force mission. Each MAJCOM is directly subordinate to HQ USAF. MAJCOMs are interrelated and complementary, providing offensive, defensive, and support elements. In the United States, MAJCOMs are organized on a functional basis, while overseas

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reports. *Id.* at 92. Instead, manpower personnel at local bases had to send their report requests via e-mail to PACAF headquarters at Hickam Air Force base in Hawaii and wait for other manpower technicians there to respond to the message with a copy of the requested report attached—a process that could take several hours. *Id.* Davenport also noticed that the official manpower report was a very cluttered document, containing significant amounts of superfluous information. *Id.* at 95-96.

Seeking to find a way to alleviate these MDS shortcomings, Davenport began experimenting with writing his own computer program that would allow USAF manpower personnel to run and print their own customized reports. *Id.* at 93. At no time was Davenport ordered by his superiors to write such a program.

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MAJCOMs are organized on a geographical basis. The USAF is currently organized into nine MAJCOMs (seven functional and two geographical) reporting to HQ USAF. United States Air Force, Factsheet: The U.S. Air Force, http://www.af.mil/factsheets/ (follow "The U.S. Air Force" hyperlink) (last visited Feb. 9, 2007).

PACAF is one of two geographical MAJCOMs in the USAF and represents the air component of the U.S. military in the Pacific. PACAF's area of responsibility extends from the west coast of the United States to the east coast of Africa and from the Arctic to the Antarctic, covering more than one hundred million square miles. United States Air Force, Factsheet: Pacific Air Forces, http://www. af. mil/ factsheets/ (follow "Pacific Air Forces" hyperlink) (last visited Feb. 9, 2007).

Id. at 91, 503, 518. Indeed, the USAF never provided Davenport with any formal computer programming training, despite repeated requests for such training. *Id.* at 69-70, 72-73. It appears that Davenport's motivation was the desire to more efficiently access the MDS and to gain experience in writing his own computer program. *Id.* at 93-94.

Technical Sergeant Davenport entitled the program the AUMD program. CSPFF ¶ 6. The AUMD, created in Microsoft Access 97 using the Visual Basic programming language, actually consisted of two separate computer programs tailored for use with the MDS. *Id.* ¶¶ 11, 13; Tr. 97-98. The first program, known as the AUMD Admin, downloaded data stored in the MDS and incorporated that data into a local database. CSPFF ¶ 11; Tr. 97-98. The second program, known as the AUMD Master, allowed users to manipulate the data in the local MDS database into standard reports and user-customized reports. CSPFF ¶ 11; Tr. 97-98. This allowed manpower personnel to use their office computers to access the information they needed and print reports containing that information to their office printer. The AUMD program literally saved manpower personnel hours of time in printing reports, since requests to print reports no longer had to be sent to PACAF headquarters and the result sent back to the user. Tr. 92.

Appendix B

The first "beta" version of the AUMD program took Davenport approximately two weeks to write, working in the evenings after returning home from work, and on the weekends. Tr. 92. This beta version was completed on or about May 28, 1998. CSPFF ¶ 15. Davenport then provided a copy of this "beta" program to his friend Master Sergeant William Luckie in June 1998, for review and comment. *Id.* ¶ 16.

Davenport and Master Sergeant Luckie conducted the beta testing of the AUMD at their individual work stations during their working hours. *Id.;* Tr. 104. This was necessitated by the fact that the MDS was a closed database, only accessible from the USAF computers on USAF bases. Tr. 328-30. Thus, it was only by drawing data directly from the MDS that AUMD could create a local database which individual users could access to run customized reports. *Id.* at 328.

While Master Sergeant Luckie was reviewing the AUMD program at his work station, one of his superiors saw him using it. Tr. 104. Recognizing the AUMD could address the shortfalls in the MDS, Master Sergeant Luckie's superior asked Luckie to provide the other manpower personnel at his base with a copy of the program. *Id.* Shortly after this, Luckie began preparing an instruction manual on how to use the program. *Id.* at 315-16.

Appendix B

Use of the AUMD quickly spread throughout the manpower personnel in the PACAF and the USAF in general. The rapid dissemination of the AUMD occurred as a result of manpower personnel from local bases coming to PACAF headquarters for conferences or transferring to new assignments. *Id.* at 336. These personnel would see Davenport or other manpower technicians using the AUMD program. *Id.* Recognizing the benefits of the program, many of the visiting manpower personnel requested copies of the program to take back to their local bases. *Id.*

The AUMD program spread so quickly that by July 1998, while traveling to several local bases in the PACAF, as part of his regular duties to provide instruction on the new MDS, Davenport was asked by manpower personnel to provide training on the AUMD program. *Id.* at 113, 334-36.

During this time, Davenport continuously upgraded and refined the AUMD program to improve its functionality and usefulness. Occasionally, Davenport would come across an interesting feature in another program that he would incorporate into the AUMD. *Id.* at 347. Significantly, Davenport began to receive numerous suggestions from USAF manpower personnel on how the AUMD program could be improved. *Id.* If Davenport considered a suggestion useful, he would incorporate it into the AUMD. *Id.* at 415.

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By September 1998, Davenport had made enough changes to the AUMD program to warrant the issue of a new version of the program, version 1.0 AUMD.[10] *Id.* at 331-32. By this time, most of the USAF bases in PACAF were using the AUMD program. *Id.* at 109-10. Also, in September 1998, Davenport was asked by his commanding officer to give a presentation on the AUMD program for senior AFMA officers at a manpower conference in San Antonio. *Id.* at 111-12. This presentation was before the heads of the entire USAF manpower community, and Davenport's talk was extremely well received. *Id.*

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10. Ten total versions of the AUMD program would eventually be produced. Tr. 345. These versions and their release dates are as follows:

Beta 0.9	May 1998
1.0	September 15, 1998
1.5	February 1, 1999
1.8	April 22, 1999
1.9	August 13, 1999
2.0a	September 29, 1999
2.0b	October 2, 1999
2.1d	November 18, 1999
2.1e	January 2, 2000
2.1f	January 5, 2000

Def.'s Trial Ex. 3; Tr. 345.

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After Davenport's September 1998 presentation, use of the AUMD increased significantly. *Id.* at 350. The earliest versions of the AUMD contained an "about screen" with Davenport's personal e-mail and home telephone number. *Id.* at 347. However, after Davenport began receiving calls regarding the AUMD program late at night, he changed the information on the "about screen" to list only his work e-mail and telephone number. *Id.* Davenport was soon overwhelmed with calls seeking support for the AUMD. *Id.* at 350. The situation became such that he could not both perform his regular duties and provide all the technical support being requested. *Id.*

To alleviate the demands for his support with the program, Davenport began to work more closely with manpower data managers in other USAF commands. *Id.* While Davenport continued to provide user support for the AUMD program to manpower personnel in PACAF, manpower personnel in other MAJCOMs were instructed to first contact the manpower data manager in their MAJCOM headquarters for support before contacting Davenport. *Id.* Davenport kept these manpower data managers appraised of changes to the AUMD program and appraised them of when new versions of the program would be issued. *Id.*

Additionally, to cut back on inquires from personnel using outdated versions of the AUMD program, Davenport incorporated an automatic expiration date into the program. *Id.* at 351-52. Upon expiration, the program ceased to function and a screen appeared

instructing the user to contact the manpower data manager at their MAJCOM headquarters for the latest version of the AUMD program. *Id.*

While everyone who worked with MDS agreed that the AUMD program was an extremely useful program, some officials in the USAF felt some unease at its widespread use. *Id.* at 891-92. This unease allegedly resulted from the USAF's lack of possession of documentation revealing the program's source codes[11]

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11. Computer software contains two types of code: machine readable object code and human readable source code. Object code uses the two digits 0 and 1 as on (0) and off (1) switches. All instructions and data in the software are reduced to series of these numerals. Since it is impractical for most people to reduce data and instructions to strings of 0's and 1's, computer programming languages have developed. Instead of using only 0's and 1's, these programming languages use numerous symbols and syntax to convey meaning—making them much easier for people to understand. These programming languages effectively enable people to write instructions and data in software. Source code is the text of software written in these programming languages. Software's human readable source code commands are translated into machine readable object code commands which are executable by the computer. *See Universal City Studios, Inc. v. Reimerdes,* 111 F.Supp.2d 294, 305-06 (S.D.N.Y.2000) (giving a detailed description of object and source codes).Users of software cannot readily modify the machine readable object code since strings of 0's and 1's are difficult to comprehend. In contrast, the human readable source code is much easier to modify. For this reason software developers will often only provide the software users with the object code, insuring that the users continue to rely on the

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or even explaining its workings. *Id.* at 891. As a result of this unease, concerns were raised that manpower personnel were becoming increasing reliant on performing their daily duties with a program over which the USAF had no control, particularly since it was supported and updated solely by Davenport. *Id.* at 891-92, 899. Concerns also grew that if anything should happen to Davenport—should he decide to retire, become sick, or be hit by the proverbial "Mack truck"—manpower personnel would be dependent on a computer program that no one was capable of supporting. *Id.* at 899, 902.

As a result of these concerns, shortly after the September 1993 manpower conference in San Antonio, the USAF began requesting that Davenport provide the USAF with the source codes to the AUMD program. *Id.* at 397. Davenport, however, did not wish to turn over the source code to the USAF. *Id.* Davenport considered the AUMD program his personal program, since he believed he had initially conceived of the idea and created it at his home in his spare time. *Id.* He was also concerned at what might happen to the program once

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(Cont'd)

software developers for changes in the software. Software developers will also seek to copyright their source codes. And to further protect the software from being copied, software developers will often take technical steps to prevent others from trying to discern the source code from the basic object code. *See* Theodore C. McCullough, *Understanding the Impact of the Digital Millennium Copyright Act on the Open Source Model of Software Development*, 6 Marq. Intell. Prop. L.Rev. 91, 94 (2002).

the USAF took over its operation. *Id.* Davenport believed that, in the past, when the USAF had taken over other computer programs developed independently by USAF personnel, the result was a loss of functionality due to the changes the USAF insisted on incorporating into the program. *Id.* He allegedly wanted to avoid repeat performance with the AUMD. *Id.*

Throughout 1999, USAF officers repeatedly asked Davenport to turn over the source codes to the AUMD, to no avail. *Id.* at 901-02. Unable to obtain the source code from Davenport, the USAF determined its only option was to have a private contractor "reverse engineer" the program. *Id.* at 902. On January 11, 2000, the USAF issued a solicitation requesting bids from private contractors to recreate the AUMD program. CSPFF ¶ 19.

At the same time, Davenport sought an avenue to financially benefit from the AUMD program. On February 7, 2000, Davenport and his uncle, Mr. Robert Gunter, formed Blueport. CSPFF ¶ 7. The two men hoped this company would provide them with a vehicle to sell a license to the USAF for use of the AUMD program. This formation occurred almost two years after the Beta version was released and after the program was widely used by Air Force Manpower divisions. *Id.*

As part of his efforts to form Blueport, on March 3, 2000, Davenport submitted an application to the United States Copyright Office to obtain a copyright for the AUMD program. Pl.'s Trial Ex. 90. In exchange for a

fifty percent share of Blueport, Davenport assigned all rights to the AUMD program to Blueport on March 6, 2000. CSPFF ¶ 8; Pl.'s Trial Ex. 103; Tr. 47, 61. Blueport's copyright of the AUMD program, titled "UMD Admin Program V.2.0A and Master Program V.2.1D," was registered on March 9, 2000, as Registration No. TX 5-159-682. *Id.* ¶ 3; Pl.'s Trial Ex. 139; Tr. 47-48.

On March 31, 2000, Blueport approached the USAF about acquiring a license to the AUMD program. Tr. 50-51; Pl.'s Trial Ex. 57, 105. Blueport indicated that the USAF's rights to use the program would terminate on May 15, 2000, the expiration date of the latest version of the AUMD program. Tr. 51; Pl.'s Trial Ex. 57.

Instead of entering into negotiations with Blueport, the USAF on April 10, 2000, selected Science Applications International Corporation ("SAIC") to recreate the functionality of the AUMD program through reverse engineering. CSPFF ¶ 20; Tr. 206. However, SAIC did not have time to complete its tasks before the latest version of the AUMD would reach its expiration date of May 15, 2000. CSPFF ¶ 21.

Mindful of the USAF's intention to have a private contractor reverse engineer the AUMD, Davenport did not prepare any further versions of the AUMD program and was unwilling to assist the USAF in changing the automatic expiration of the version then in use. *Id.*; Tr. 900. Faced with the situation of being unable to use the computer program the manpower community had

come to rely upon and not yet having an alternative program to replace it, the USAF instructed SAIC to hack into the AUMD program and change the automatic expiration date from May 15, 2000 to February 15, 2001. CSPFF ¶ 23; Tr. 234. This allowed the USAF to keep the AUMD program operational until SAIC created a replacement program—the MARS program. Tr. 905.

On May 23, 2001, Blueport submitted to the Air Force Legal Services Agency an administrative claim for compensation for the USAF's copyright infringement of the AUMD program. Pl.'s Trial Ex. 107; CSPFF ¶ 28. On January 11, 2002, the Air Force Legal Services Agency denied Blueport's administrative claim. Pl.'s Trail Ex. 104; Tr. 52-53. Blueport then filed its complaint with this Court on November 18, 2002.

There are primarily four issues raised and responded to by the parties. For instance, the parties dispute whether the protections of the copyrighted AUMD version 2.1d extend also to latter non-copyrighted versions of the AUMD, specifically AUMD version 2.1f. It is further disputed whether the government held an implied license to use the AUMD program and whether any copying and adaptation of the AUMD program by the government was an essential step in utilizing the program, pursuant to 17 U.S.C. § 117. Another issue is whether the MARS program is substantially similar to the AUMD program and if the government's use of the AUMD program constituted "fair use" under 17 U.S.C. § 107. Finally, the issue of the jurisdiction of this court to adjudicate this action

has been raised. This is predicated on certain criteria found in 28 U.S.C. § 1498(b), which acts as a waiver of sovereign immunity for copyright infringement actions against the United States. As explained in greater detail below, because the Court finds that these statutory criteria are mandatory jurisdictional requirements not met by plaintiff, it is not necessary to address the numerous other issues and arguments presented by this case.

DISCUSSION

Typically, for copyright infringement, a plaintiff must show ownership of a valid copyright and copying of the protected work. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 361, 111 S.Ct. 1282, 113 L.Ed.2d 358 (1991). Under the Copyright Act, copyright ownership initially vests with the person who created the work. 17 U.S.C. § 201(a); *Cmty. for Creative Non-Violence v. Reid*, 490 U.S. 730, 737, 109 S.Ct. 2166, 104 L.Ed.2d 811 (1989). Copyrights are presumptively valid and a certificate of copyright registration is considered prima facie evidence of a valid copyright. *Herbert v. United States*, 36 Fed.Cl. 299, 303 (1996) (citing 17 U.S.C. § 410(c)).[12] Here, it is undisputed that Davenport was the creator of the original AUMD program and that he has assigned

12. The same court issued two opinions in *Herbert*. The first decision denied the defendant's motions for summary judgement. *Herbert v. United States*, 32 Fed.Cl. 293, 296-97 (1994) (hereinafter *Herbert I*). The second decision, issued two years later after a trial on the merits, dismissed plaintiff's complaint. *Herbert*, 36 Fed.Cl. at 305-07 (hereinafter *Herbert II*).

his rights to plaintiff. CSPFF ¶¶ 6, 8. Plaintiff, by producing the certificate of copyright registration for the AUMD program version 2.1d, asserts it has established ownership of a presumptively valid copyright. *Id.* Pl.'s Ex. 117, 139.

But, we proceed not under the Copyright Act, but under 28 U.S.C. § 1498(b), which acts as a waiver of sovereign immunity and vests this Court with jurisdiction to adjudicate copyright infringement claims against the government. Section § 1498(b) contains explicit exceptions (characterized as "provisos" or "conditions" in this opinion) to the waiver—where the government was "induced" by plaintiff into using the copyrighted work or where the ownership of the copyright by plaintiff is placed at issue because it in essence constitutes what is termed "government work" under copyright jurisprudence. *See Matthew Bender & Co. v. West Publ'g Co.*, 158 F.3d 674, 679 (2d Cir.1998) (holding that the works of the federal government, such as the text of judicial decisions, are not subject to copyright protection and may therefore be copied at will). As to the latter contingency, there can be no "presumption" of ownership for jurisdictional purposes under 28 U.S.C. § 1498(b) because, unlike the Copyright Act, the substantive factual issue of "government work" goes to the initial determination of the jurisdictional waiver of sovereign immunity itself.

Appendix B

I. JURISDICTION OF THE COURT OF FEDERAL CLAIMS

It is beyond doubt that the United States Court of Federal Claims "has jurisdiction only where and to the extent that the government has waived its sovereign immunity, and any waiver of sovereign immunity cannot be implied but must be unequivocally expressed." *Ledford v. United States*, 297 F.3d 1378, 1381 (Fed.Cir.2002). There exists two categories of jurisdictional cases facing this court. In the majority of cases, the requirement of subject matter is fulfilled simply because the plaintiff has filed a well-pled complaint alleging the appropriate jurisdictional facts. *E.g., Fisher v. United States*, 402 F.3d 1167, 1173 (Fed.Cir.2005); *Spruill v. Merit Sys. Protection Bd.*, 978 F.2d 679, 686-88 (Fed.Cir.1992) (noting that well-pleaded allegations in the complaint are sufficient to overcome a challenge to subject matter jurisdiction). Plaintiff has met this "allegation" burden in the present case.

If the validity of the jurisdictional facts alleged in the complaint are challenged, however, a second, yet rarer in practice, category of cases emerges whereby the court must consider relevant evidence in order to resolve the factual dispute. *E.g., Lujan v. Defenders of Wildlife*, 504 U.S. 555, 561, 112 S.Ct. 2130, 119 L.Ed.2d 351 (1992) (noting each jurisdictional "element must be supported in the same way as any other matter on which the plaintiff bears the burden of proof, *i.e.*, with the

manner and degree of evidence required at the successive stages of the litigation."). *See, e.g., Reynolds v. Army and Air Force Exch. Serv.*, 846 F.2d 746, 747 (Fed.Cir.1988) (citing *Land v. Dollar*, 330 U.S. 731, 735, 67 S.Ct. 1009, 91 L.Ed. 1209 (1947)). Ultimately, in these cases, the plaintiff must prove jurisdiction by a preponderance of the evidence. *Reynolds*, 846 F.2d at 748; *Zunamon v. Brown*, 418 F.2d 883, 886 (8th Cir.1969) ("[T]he court may demand that the party alleging jurisdiction justify his allegations by a preponderance of evidence.") (quoting *McNutt v. Gen. Motors Acceptance Corp.*, 298 U.S. 178, 189, 56 S.Ct. 780, 80 L.Ed. 1135 (1936)); *Hansen v. United States*, 65 Fed.Cl. 76, 94 (2005). Because the factual predicate for jurisdiction has been challenged, the Court now proceeds to address this matter.

A. The "Provisos" of 28 U.S.C. § 1498(b): Jurisdictional or Affirmative Defenses?

An issue arose at trial whether the exceptions to a plaintiff's right of action listed in § 1498(b) should be treated as jurisdictional, that is as conditioning the Court of Federal Claims' limited copyright infringement jurisdiction, or merely as affirmative defenses. Tr. 1064-65. The genesis of the problem arises from the language of § 1498(b), for this section not only vests this Court with exclusive jurisdiction through a waiver of sovereign

immunity,[13] but also sets out certain exceptions, provisos, to a copyright owner's right of action:

> *Provided*, That a Government employee shall have a right of action against the Government under this subsection except where he was in a position to order influence, or induce use of the copyrighted work by the Government: *Provided, however*, That this subsection shall not confer a right of action on any copyright owner or any assignee of such owner with respect to any copyrighted work prepared by a person while in the employment or service of the United States, where the copyrighted work was prepared as part of the official functions of the employee, or in the

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13. The first half of 28 U.S.C. § 1498(b) provides:

> Hereafter, whenever the copyright in any work protected under the copyright laws of the United States shall be infringed by the United States, by a corporation owned or controlled by the United States, or by a contractor, subcontractor, or any person, firm, or corporation acting for the Government and with the authorization or consent of the Government, the exclusive action which may be brought for such infringement shall be an action by the copyright owner against the United States in the Court of Federal Claims for the recovery of his reasonable and entire compensation as damages for such infringement, including the minimum statutory damages as set forth in section 504(c) of title 17, United States Code:

> preparation of which Government time, material, or facilities were used. . . .

28 U.S.C. § 1498(b) (emphasis original). Thus, a government employee's right of action is denied in any one of three circumstances: (1) the employee was in a position to order, influence, or induce the use of the copyright work by the government; (2) the copyrighted work was prepared as part of employee's "official function"; or (3) the copyrighted work was prepared using government time, material or facilities. "The use of the word 'or' in the statute indicates that satisfaction of any of these conditions is sufficient to deny a right of action." *Herbert II*, 36 Fed.Cl. at 305 (examining the three exceptions listed in § 1498(b)).

It is well understood that copyright jurisdiction differs for the federal district courts and the Court of Federal Claims. While the federal district courts are vested with jurisdiction to hear copyright infringement actions pursuant to 28 U.S.C. § 1338(a) ("The district courts shall have original jurisdiction of any civil action arising under any Act of Congress relating to patents, plant variety protection, copyrights and trademarks.") the Court of Federal Claims jurisdiction is established by § 1498(b), which codifies a limited waiver of sovereign immunity for copyright infringement claims against the government and establishes this court as the exclusive forum to hear such claims. 28 U.S.C. § 1498(b) ("[T]he exclusive action which may be brought for such infringement shall be an action by the copyright owner against the United States in the Court of Federal

Claims. . . ."). *See Boyle v. United States*, 200 F.3d 1369, 1373 (Fed.Cir.2000) ("The plain language of [§ 1498(b)] states that the United States has waived sovereign immunity. . . .").

In federal district court, the private sector's analogue to the second "official function" proviso in § 1498(b) is the Copyright Act's "work made for hire" doctrine. 17 U.S.C. §§ 101, 201(b). 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 5.13(b)(2) at 5-98 (2006) ("That formulation parallels the definition of 'work made for hire' consisting of 'a work prepared by an employee within the scope of his or her employment.' ").[14] This statutory exception to infringement liability has been treated as an affirmative defense by the federal district courts with the burden of persuasion placed on the defendant. *See Medforms, Inc. v. Healthcare Mgmt. Solutions, Inc.*, 290 F.3d 98, 105 (2d Cir.2002) (noting the federal district court dismissed the defendants' affirmative defense that a computer program belonged to the employer under the "work made for hire" doctrine); *Dolman v. Agee*, 157

14. The "work made for hire" is an exception to the general rule that ownership vest with the author of the work, and instead vests with the author's employer. *See* 17 U.S.C. § 201(b) ("In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright."); *See also* 17 U.S.C. § 101 (defining a "work made for hire" as "a work prepared by an employee within the scope of his or her employment....").

F.3d 708, 712 (9th Cir.1998) (agreeing with the federal district court that the defendant asserting the work made for hire defense failed to present the requisite credible evidence that the author's work was done at the "instance and expense" of the employer).

Of course, the issue of the waiver of sovereign immunity is not implicated in the Copyright Act, where infringement actions are between private parties. Consequently, the similarity between that Act's exception and the conditions or provisos contained in § 1498(b) does not by itself negate the jurisdictional problem. That the conditions in § 1498(b) are jurisdictional can readily seen. That same section clearly waives the sovereign immunity of the United States for copyright infringement suits, as was noted above. The provisos in § 1498(b) can viewed as conditions to that waiver. In other words, the argument is that if Congress can open the door fully to lawsuits against the government, it certainly can only partly open that door.

The argument favoring treating § 1498(b)'s exceptions as affirmative defenses is more complex. For instance, the Supreme Court, in *Franconia Assocs. v. United States*, 536 U.S. 129, 145, 122 S.Ct. 1993, 153 L.Ed.2d 132 (2002), noted that while the Tucker Act, 28 U.S.C. § 1491, constitutes a waiver of sovereign immunity, the Tucker Act's six year limitations period, 28 U.S.C. § 2501,[15] "should generally apply to the

15. 28 U.S.C.A. § 2501 provides in pertinent part that every "claim of which the United States Court of Federal Claims has jurisdiction shall be barred unless the petition thereon is filed within six years after such claim first accrues."

Government 'in the same way that' they apply to private parties," citing *Irwin v. Dep't of Veterans Affairs*, 498 U.S. 89, 95, 111 S.Ct. 453, 112 L.Ed.2d 435 (1990). As such, the argument goes, once immunity from suit has been waived, all other "conditions" are merely statutory provisions that do not implicate jurisdiction.

To be sure, this distinction between a jurisdictional prerequisite and an affirmative defense is significant. As indicated, affirmative defenses do not generally call into question subject matter jurisdiction, and the burden on persuasion is on the defendant. *See United States v. Hitachi America, Ltd.*, 172 F.3d 1319, 1333-34 (Fed.Cir.1999) (noting an affirmative defense was non-jurisdictional and can be waived by the parties). If, however, the § 1498(b) exceptions are considered jurisdictional conditions or limitations on the waiver of sovereign immunity, they place the burden of persuasion on the plaintiff to disprove the § 1498(b) provisos. *See Barrett v. Nicholson*, 466 F.3d 1038, 1041 (Fed.Cir.2006) (noting the plaintiff bears the ultimate burden of establishing jurisdiction by a preponderance of the evidence). Because jurisdiction is a matter that a court is duty bound to address first, *see, e.g., Moyer v. United States*, 190 F.3d 1314, 1318 (Fed.Cir.1999), (indeed, a court, *sua sponte*, may raise the jurisdiction issue, *Folden v. United States*, 379 F.3d 1344, 1354 (Fed.Cir.2004)), this issue must be addressed before the merits of the copyright infringement claim.

The Court will first look to how past cases of the Court of Federal Claims have dealt with this issue. It

will then examine how patent cases have considered this question. And, finally, the Court will probe more deeply into how the Supreme Court and the Federal Circuit have resolved the general issue of whether conditions to waivers of sovereign immunity should always be considered as jurisdictional.

B. Previous Treatment of § 1498(b) in the Court of Federal Claims

No Federal Circuit case seems to have directly examined whether the provisos in § 1498(b) are affirmative defenses or conditions on the court's jurisdiction. The only Court of Federal Claims cases to review the exceptions under § 1498(b) are two related actions in the same case, entitled *Herbert v. United States*. (*Herbert I*, 32 Fed.Cl. at 296-97; *Herbert II*, 36 Fed.Cl. at 305-07.) While not concretely deciding the issue, the court in *Herbert I* seems to have considered the exceptions jurisdictional, *Herbert I*, 32 Fed.Cl. at 296, while latter in *Herbert II*, the same court appears to have implicitly treated the § 1498(b) exceptions as mere affirmative defenses. *Herbert II*, 36 Fed.Cl. at 299. In *Herbert I*, the government-defendant moved for summary judgment on the plaintiff's copyright infringement claim, arguing that the § 1498(b) exceptions denied the court jurisdiction. *Herbert I*, 32 Fed.Cl. at 296. The court explained that "[d]efendant's first argument was based on the *jurisdictional limitations* contained in 28 U.S.C. § 1498(b), which waives sovereign immunity for copyright infringement actions filed against the United States." *Id.* (emphasis

added). The court also noted that "[a]n affirmative finding might bar plaintiff from suing the government for copyright violation. . . ." *Id.* The court denied the defendant's motion, concluding that defendant's arguments were either based on facts in dispute or were not sufficiently developed for the court to reach a firm conclusion. *Id.*

Two years later, after a trial, the same court once again examined the § 1498(b) exceptions in *Herbert II*. 36 Fed.Cl. at 305-07. In *Herbert II*, the court stated that § 1498(b) was a "jurisdictional statute which considers a right of action. . . ." *Id.* at 304. The court then stated that it had "jurisdiction under 28 U.S.C. § 1498(b) to hear the claim to determine whether plaintiff has a right of action for a copyright infringement against the government." *Id.* While that statement could possible be interpreted to mean only that the *Herbert II* court had jurisdiction to determine whether it had jurisdiction over the matter, *see Moyer*, 190 F.3d at 1318, the court went on to label entire discussion of the provisos in § 1498(b) as "the government's defense." *Id.* To demonstrate that the court perhaps changed its mind and no longer viewed the § 1498(b) provisos as jurisdictional, the court concluded in *Herbert II* that the plaintiff failed to overcome what it characterized as the "government's defenses" [in § 1498(b)], and not as the failure to meet the jurisdictional requirement in § 1498(b). *Id.* at 313. Indeed, the court in a footnote stated that it possessed jurisdiction over the case. *Id.* at 313 n. 8.

The only conclusion one can cogently draw is that *Herbert I* and *II* collectively are ambiguous at best regarding the jurisdictional versus affirmative defense issue.

C. Jurisdictional Treatment of Patents Claims under 28 U.S.C. § 1498(a)

Patents cases represent the closest legal analogy to copyright matters. *See Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 439, 104 S.Ct. 774, 78 L.Ed.2d 574 (1984) (noting when there is no precedent in the law of copyright, "the closest analogy is provided by the patent law cases to which it is appropriate to refer because of the historic kinship between patent law and copyright law."); *Atari Games Corp. v. Nintendo of Am. Inc.*, 975 F.2d 832, 841 n. 4 (Fed.Cir.1992) (noting that patent law is analogous to copyright law). Both are species of intellectual property, and Congress' grant of authority to legislate for both emanate from the Constitution. *See* U.S. Const., art. I, sec. 8 ("The Congress shall have Power . . . to Promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries.").

That patent cases may be cited as persuasive authority for copyright actions, has been recognized by the Federal Circuit. *See Dynacore Holdings Corp. v. U.S. Philips Corp.*, 363 F.3d 1263, 1275 (Fed.Cir.2004) (citing *Sony Corp. of Am.*, 464 U.S. at 439, 104 S.Ct. 774). One reason that this is true is that the provision allowing for

suits against the United States for patent infringement, 28 U.S.C. § 1498(a), is worded very similarly to the copyright provision, 28 U.S.C. § 1498(b).[16] Indeed, with the addition of a subsection covering copyright infringement in 1960, 28 U.S.C. § 1498 was split into two subsections: (a) for suits against the United States patent infringement, and (b) for suits against the United

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16. *Compare* 28 U.S.C. § 1498(a) ("A Government employee shall have the right to bring suit against the Government under this section *except where he was in a position to order, influence, or induce use of the invention by the Government.* This section shall not confer a right of action on any patentee or any assignee of such patentee with respect to any invention discovered or invented by a person while in the employment or service of the United States, *where the invention was related to the official functions of the employee,* in cases in which such functions included research and development, or in the making of which Government time, materials or facilities were used.") (emphasis added) *with* § 1498(b) ("Hereafter, whenever the copyright in any work protected under the copyright laws of the United States shall be infringed by the United States . . . the exclusive action which may be brought for such infringement shall be an action by the copyright owner against the United States in the Court of Federal Claims . . . : Provided, That a Government employee shall have a right of action against the Government under this subsection *except where he was in a position to order, influence, or induce use of the copyrighted work by the Government:* Provided, however, That this subsection shall not confer a right of action on any copyright owner or any assignee of such owner with respect to any copyrighted work prepared by a person while in the employment or service of the United States, *where the copyrighted work was prepared as a part of the official functions of the employee,* or in the preparation of which Government time, material, or facilities were used. . . .") (emphasis added).

States for copyright infringement. *See Boyle v. United States*, 44 Fed.Cl. 60, 63 n. 3 (1999) (observing that section 1498(b) was created when Congress "extended" the provisions of section 1498(a) concerning patent infringement to permit an action in the Court of Federal Claims for copyright infringements). *See also Auerbach v. Sverdrup Corp.*, 829 F.2d 175, 179-80 (D.C.Cir.1987) (construing § 1498(b) by analyzing "case law interpreting the sister provision, section 1498(a), waiving immunity for patent infringements by the government"). Nevertheless, as with § 1498(b), no case considering the three provisos of § 1498(a) has determined whether they were affirmative defenses or jurisdictional limitations. *See Myers v. United States*, 147 Ct.Cl. 485, 489-90, 177 F.Supp. 952 (1959) (holding that plaintiff had no right of action under the provisos of § 1498, but without considering whether the provisos were affirmative defenses or jurisdictional).

With that said, there is scant authority interpreting § 1498(a) that address a similar jurisdictional question that is presently before this Court. That the Federal Circuit does draw a distinction between statutory affirmative defenses and jurisdiction in § 1498(a), however, may be shown by an analysis of the first paragraph of § 1498(a), which provides that if a private company makes an infringing use of a patented invention "*for* the United States . . . the owner's remedy shall be by action against the United States. . . ." 28 U.S.C. § 1498(a) (emphasis added). *See Crater Corp. v. Lucent Tech., Inc.*, 255 F.3d 1361, 1364 (Fed.Cir.2001) ("If a patented invention is used or manufactured for

the government by a private party, that private party cannot be held liable for patent infringement."). Not surprisingly, when suits that implicate this provision are between private parties, the Federal Circuit has allowed the private party-defendant to assert an affirmative defense that it had acted on the orders of the government. *See Madey v. Duke Univ.*, 307 F.3d 1351 (Fed.Cir.2002) (noting against private parties § 1498(a) relieves third parties of patent infringement liability and in application acts as an affirmative defense); *Crater Corp.*, 255 F.3d at 1364 ("[D]ismissal of a lawsuit against a private party pursuant to § 1498(a) is a dismissal because of the successful assertion of an affirmative defense rather than a dismissal because of the district court's lack of subject matter jurisdiction over the patent infringement claims."); *Manville Sales Corp. v. Paramount Sys., Inc.*, 917 F.2d 544, 554 (Fed.Cir.1990) ("The Supreme Court has established that section 1498(a) is to be applied, at least with respect to suits to which the United States is not a party, as a codification of a defense and not as a jurisdictional statute." (*citing Sperry Gyroscope Co. v. Arma Eng'g Co.*, 271 U.S. 232, 235-36, 46 S.Ct. 505, 70 L.Ed. 922 (1926))). But where the United States is the defendant, its sovereign immunity is implicated and the Federal Circuit views the same section of § 1498(a) as jurisdictional. *See Hughes Aircraft Co. v. United States*, 209 Ct.Cl. 446, 534 F.2d 889, 897-98 (1976) (explaining that in suits pursuant to § 1498(a) against the government, the conditions are jurisdictional in nature). These cases do then lend at least some support that conditions to waivers of sovereign immunity are jurisdictional in nature.

Appendix B

D. Supreme Court and Federal Circuit Treatment of Conditions to Waivers of Sovereign Immunity

The examination of relevant U.S. Supreme Court and Federal Circuit precedent reveals two paradigms that harken back to the discussion above that framed the jurisdictional versus affirmative defense argument. The first, the traditional view, is represented by the opening and partial opening of the sovereign immunity waiver door. This model views any conditions to the waiver of sovereign immunity as limitations on jurisdiction. A more modern view is that once a statute contains the waiver, all further statutory limitations or conditions,[17] even if not met, do not divest the court of jurisdiction. To be sure, the waiver itself becomes a rebuttable presumption of jurisdiction. This presumption may be overcome if the meaning and the structure of the statute so reflect congressional intent that the conditions or limitations are jurisdictional in nature. As will be made clear, under either model, the § 1498(b) provisos should be treated as jurisdictional requirements that place the burden of proof on plaintiffs.

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17. Of course, one can take the concept of "conditions" to jurisdiction as jurisdictional too far. As a matter of semantics, any substantive statutory provision could be considered a condition or limitation on jurisdiction. But more than semantics is at stake. An absolute view would in essence negate the distinction between a Rule 12(b)(1) motion to dismiss for lack of subject matter jurisdiction, and a Rule 12(b)(6) motion to dismiss for failure to state a claim. *See generally Fisher v. United States*, 402 F.3d 1167, 1171-72, 1175-76 (Fed.Cir.2005).

Appendix B

1. *Two Models on Conditions on Waivers of Sovereign Immunity*

The treatment of the Tucker Act's six-year limitations period, § 2501 (as well as whether the limitations period is subject to equitable tolling), provides an excellent example of the two models. The traditional view that conditions to sovereign immunity waiver are themselves jurisdictional limitations is exemplified by several Supreme Court cases in the Nineteenth Century. In *Kendall v. United States*, 107 U.S. 123, 2 S.Ct. 277, 27 L.Ed. 437 (1883), the Court held that the appellant's claim against the United States was time-barred pursuant to § 2501's predecessor statute.[18] The appellant, a veteran soldier of the Confederacy, contended that he was unable by law to file his claim until his civil disabilities were removed by the general amnesty provided by the Proclamation of December 25, 1868. 107 U.S. at 125, 2 S.Ct. 277. His

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18. The Court characterized the pertinent part of the statute as follows:

> "It is provided by the act of March 3, 1863, amending that of February 24, 1855, establishing the court of claims, 'that every claim against the United States, cognizable by the court of claims,'—that is, such as the government permits to be asserted against it by suit in that tribunal,—'shall be forever barred, unless the petition, setting forth a statement of the claim, be filed in the court or transmitted to it under the provisions of this [that] act within six years after the claim first accrues.' "

107 U.S. at 124, 2 S.Ct. 277.

argument was that his claim did not accrue until the Proclamation granted amnesty to those who supported the "insurgent government" and restored their "rights, privileges and immunities" under the Constitution. Justice Harlan, writing for the Court, rejected this argument, recognizing that "the government could not be sued except with its consent" and may "restrict the jurisdiction of the court of claims to certain classes of demands." *Id.* The six-year limitations period constituted such a restriction and barred the ex-soldier's claim: "To that class may be referred claims which are declared barred if not asserted within the time limited by the statute." *Id.* This strict rule that conditions (or as the *Kendall* Court termed it, "restrictions") to waivers of sovereign immunity are limitations on jurisdiction was the law for the remainder of the Nineteenth Century, and indeed for almost all of the Twentieth. *See United States v. Wardwell*, 172 U.S. 48, 19 S.Ct. 86, 43 L.Ed. 360 (1898) ("[statutory limitations period] is not merely a statute of limitations but also jurisdictional in its nature, and limiting the cases of which the Court of Claims can take cognizance."); *Finn v. United States*, 123 U.S. 227, 232-33, 8 S.Ct. 82, 31 L.Ed. 128 (1887) (holding that the general rule that limitations period is an affirmative defense "has no application to suits [in the Court of Claims] against the United States."); *see also De Arnaud v. United States*, 151 U.S. 483, 495-96, 29 Ct.Cl. 555, 14 S.Ct. 374, 38 L.Ed. 244 (1894) (denying a claim for compensation by a former Russian Imperial Army officer, and alleged special agent of General Fremont during American Civil War, as time-barred (citing *Finn*, 123 U.S. at 232-33, 8 S.Ct. 82,

despite a saving clause suspending the limitations period in favor of "idiots, lunatics, and insane persons ...."));
see generally 36A C.J.S. Federal Courts § 823 (2007) (terming the limitation period in § 2501 as "jurisdictional" and "as such must be strictly construed," (citing, *inter alia*, *Soriano v. United States*, 352 U.S. 270, 77 S.Ct. 269, 1 L.Ed.2d 306 (1957), *Goldstein v. United States*, 131 Ct.Cl. 228, 130 F.Supp. 330 (1955), judgment aff'd, 350 U.S. 888, 76 S.Ct. 143, 100 L.Ed. 782 (1955), and *Frazer v. United States*, 288 F.3d 1347 (Fed.Cir.2002))).

The earth shifted in 1990, when in *Irwin*, the Court adopted a more flexible test. In *Irwin*, the Court upheld a dismissal of the case for lack of jurisdiction because the complaint was not filed within the time specified by Title VII of the Civil Rights Act, 42 U.S.C. § 2000e-16(c), which provides that a complaint against the Federal Government must be filed within 30 days "of receipt of notice of final action taken" by the EEOC. Irwin contended that inaction on the part of his attorney justified lifting of the limitations period under the doctrine of equitable tolling. In upholding the dismissal, the Court observed that the limitations period § 2000e-16(c) is a "condition to the waiver of sovereign immunity and thus must be strictly construed." 498 U.S. at 94, 111 S.Ct. 453. But, the Court also noted that "our previous cases dealing with the effect of time limits in suits against the Government have not been entirely consistent, even though the cases may be distinguished on their facts." *Id.* (internal citations omitted).

Viewing the case as affording "an opportunity to adopt a more general rule to govern the applicability of equitable tolling in suits against the Government," *Id.* at 95, 111 S.Ct. 453, the Court noted that lawsuits between private litigants are customarily subject to equitable tolling, and that it had extended the doctrine to cases under Title VII. *Id.* The Court announced a test to determine whether conditions to waivers of sovereign immunity are jurisdictional: "Once Congress has made . . . a waiver . . . [the] condition . . . [ought to be] applicable to suits against the Government, in the same way that it is applicable to private suits. . . ." *Id.* at 95-96, 111 S.Ct. 453. A rebuttable presumption exists, therefore, that such doctrines, such as equitable tolling, that are "applicable to suits against private defendants should also apply to suits against the United States." To be sure, the Court recognized that Congress "may provide otherwise if it wishes to do so." Irwin's tolling argument was, however, rejected because the facts, to the Court, did not justify applying the doctrine. *Id.*

Exactly by what means Congress was to "provide otherwise," *i.e.*, a showing that the presumption was not intended, was what was at issue in a duo of cases: *United States v. Brockamp*, 519 U.S. 347, 117 S.Ct. 849, 136 L.Ed.2d 818 (1997), and *United States v. Beggerly*, 524 U.S. 38, 118 S.Ct. 1862, 141 L.Ed.2d 32 (1998). Both involved a waiver of sovereign immunity. *Beggerly*, 524 U.S. 38, 118 S.Ct. 1862, 141 L.Ed.2d 32 (suit under the Quite Title Act, 28 U.S.C. § 2409(a)); *Brockamp*, 519 U.S. 347, 117 S.Ct. 849, 136 L.Ed.2d 818 (tax refund). Both involved the propriety of applying equitable tolling to a

limitations period. *See Beggerly*, 524 U.S. at 48, 118 S.Ct. 1862; *Brockamp*, 519 U.S. at 348, 117 S.Ct. 849. In both cases, the private parties cited *Irwin* as a justification. *See Beggerly*, 524 U.S. at 48, 118 S.Ct. 1862; *Brockamp*, 519 U.S. at 349-50, 117 S.Ct. 849. In both, the Supreme Court held against the private parties. *See Beggerly*, 524 U.S. at 48-49, 118 S.Ct. 1862; *Brockamp*, 519 U.S. at 354, 117 S.Ct. 849. And in both cases, the Court applied a textual analysis and determined that the structure and wording of the statutory provision evinced a congressional intent that the waiver of sovereign immunity precluded application of equitable tolling (or, and this is pure semantics, the presumption is rebutted). *See Beggerly*, 524 U.S. at 48-49, 118 S.Ct. 1862; *Brockamp*, 519 U.S. at 354, 117 S.Ct. 849.

Brockamp is illustrative of whether the statutory limitations period for a tax refund in the Internal Revenue Code, 26 U.S.C. § 6511, is subject to the "implied" doctrine of equitable tolling. In holding that it is not, the Court opined that the very nature of a tax statute—that an individual's particular numbers are at play and that there is an administrative need for the general applicability of rules—worked against any presumption that Congress intended equitable tolling to apply. *Brockamp*, 519 U.S. at 352, 117 S.Ct. 849.[19]

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19. As the Court observed:

> The IRS processes more than 200 million tax returns each year. It issues more than 90 million refunds. To read an "equitable tolling" exception into § 6511 could create serious administrative problems by forcing the

(Cont'd)

Although this is a tax case, what was crucial to the Court was the textual analysis that demonstrated the requisite intent to overcome the presumption:

> To read an "equitable tolling" provision into these provisions, one would have to assume an implied exception for tolling virtually every time a number appears. To do so would work a kind of linguistic havoc. Moreover, such an interpretation would require tolling, not only procedural limitations, but also substantive limitations on the amount of recovery—a kind of tolling for which we have found no direct precedent. Section 6511's detail, its technical language, the iteration of the limitations in both procedural and substantive forms, and the explicit listing of exceptions, taken together, indicate to us that Congress did not intend courts to read other unmentioned, open-ended, "equitable" exceptions into the statute that it wrote. There are no counterindications. Tax law, after all, is not normally characterized by case-specific exceptions reflecting individualized equities.

Id. (internal citations omitted).

(Cont'd)

> IRS to respond to, and perhaps litigate, large numbers of late claims, accompanied by requests for "equitable tolling" which, upon close inspection, might turn out to lack sufficient equitable justification.

Id. (internal citations omitted).

2. *The Federal Circuit and the Two Models*

Of course, this Court is bound by the precedent of the Federal Circuit unless such precedent "is expressly overruled by statute or by a subsequent Supreme Court decision," *Strickland v. United States*, 423 F.3d 1335, 1338 n. 3 (2005), which is not the case here. Our Circuit seems to be of two minds as to the issue of whether conditions to waivers of sovereign immunity are themselves jurisdictional. Take the example of the Tucker Act's six-year jurisdictional statute, § 2501. One set of cases treats the failure to meet the limitations period as not jurisdictional, but instead an element of a failure to state a claim under RCFC 12(b)(6). *See Venture Coal Sales Co. v. United States*, 370 F.3d 1102, 1105 n. 2 (Fed.Cir.2004) (affirming dismissal of the case as time-barred under 28 U.S.C. § 2501, but opining that the proper ground for dismissal is failure to state a claim, not lack of subject matter jurisdiction); *Ariadne Fin. Servs. Pty. Ltd. v. United States* 133 F.3d 874, 878 (Fed.Cir.1998) (affirming dismissal of the case on statute of limitations grounds under 28 U.S.C. § 2501, observing "that the question of a time bar on [plaintiff's] claim does not affect the subject matter jurisdiction of the Court of Federal Claims").

The other set of Federal Circuit precedent takes the more traveled road and views conditions to the waiver of sovereign immunity, such as under the Tucker Act's six-year limitations period under 28 U.S.C. § 2501, as strictly jurisdictional. *See, e.g., MacLean v. United States*, 454 F.3d 1334, 1336 (Fed.Cir.2006) ("In the Court

of Federal Claims, the statute of limitations 'is a jurisdictional requirement attached by Congress as a condition of the government's waiver of sovereign immunity and, as such, must be strictly construed.' ") (quoting *Hopland Band of Pomo Indians v. United States*, 855 F.2d 1573, 1576-77 (Fed.Cir.1988)); *Hopland Band of Pomo Indians*, 855 F.2d at 1577 (holding that limitations period "serves as a jurisdictional limitation rather than simply as an affirmative defense, such a statute of limitations have been held as not capable of waiver or subject to an estoppel, whether pled or not").

The majority of the judges of the Federal Circuit, however, appear to subscribe to a variant of the Supreme Court's *Irwin* analysis. In *Martinez v. United States*, 333 F.3d 1295 (Fed.Cir.2003), the court, sitting en banc, even though characterizing § 2501's limitations period as a "condition on the waiver of sovereign immunity" and, therefore, "jurisdictional in nature," would nonetheless apply (paradoxically[20]) *Irwin's* presumption

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20. The confusion lies in the characterization of the limitations period as a *condition* to a waiver of sovereign immunity. *See Hopland Band of Pomo Indians*, 855 F.2d at 1577 (holding that when limitations periods are conditions to waivers of sovereign immunity they are not subject to equitable remedies). Equitable tolling has been applied to such statutes of limitations, as explained, because it was held that Congress, aware of such equitable doctrines, presumptively intended their application. *See Beggerly*, 524 U.S. at 48, 118 S.Ct. 1862 (rejecting contention that limitations periods are, *ipso facto*, conditions to waivers of sovereign immunity); *Brockamp*, 519 U.S. at 348, 117 S.Ct. 849 (same).

favoring equitable tolling. *Id.* at 1316.[21] Yet, this analysis was *dicta* for the court declined to decide the issue because "Mr. Martinez has not made a sufficient factual showing to invoke equitable tolling in this case. . . ." *Id.* at 1319. *See also Frazer v. United States*, 288 F.3d 1347, 1353 (Fed.Cir.2002) (declining to decide whether § 2501's limitations period was subject to equitable tolling because of a lack of a factual predicate).

A different tack was more recently followed in *John R. Sand & Gravel Co. v. United States*, 457 F.3d 1345 (Fed.Cir.2006). In that case, the court held that the lessee's Fifth Amendment takings claim was time-barred. Recognizing that the limitations period in § 2501 "is a jurisdictional requirement for a suit in the Court of Federal Claims," 457 F.3d at 1354 (citing (ironically), *Martinez*, 333 F.3d at 1316), the court opined that because of the "jurisdictional nature of section 2501 it may not be waived." *Id.* (citing *Hopland Band of Pomo Indians*, 855 F.2d at 1577). For support, the court noted that § 2501 "enjoys a longstanding pedigree as a jurisdictional requirement. Since 1883 when the [U.S. Supreme] Court first held that the statute of limitations was jurisdictional . . . , the Court has consistently maintained that the time limit is jurisdictional and therefore cannot be waived." *John R. Sand & Gravel Co.*, 457 F.3d at 1355 (citing *Kendall*, 107 U.S. at 125, 2 S.Ct. 277).

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21. "We therefore hold that the same rebuttable presumption of equitable tolling applicable to suits against private defendants should also apply to suits against the United States. Congress, of course, may provide otherwise if it wishes to do so." *Id.*

Whether this Court, however, follows the "hard" view that conditions to waivers of sovereign immunity are always jurisdictional (typified by the Supreme Court's *Kendall* decision and the Federal Circuit's *John R. Sand & Gravel Co.* decision), or the "soft" view that such conditions are jurisdictional only if textual analysis demonstrates that Congress so intended (typified by the Supreme Court's *Irwin* case and the Federal Circuit's en banc *Martinez dicta*), it is clear that the § 1498(b) provisos are jurisdictional. First and foremost, to not treat the three conditions contained in § 1498(b) (and the parallel patent infringement conditions contained in § 1498(b) as well) as jurisdictional would "work a kind of linguistic havoc." *Brockamp*, 519 U.S. at 352, 117 S.Ct. 849. The plain meaning of the text demonstrates that Congress waived sovereign immunity only if certain conditions were present. Textually, these conditions were drafted in close proximity[22] to the waiver and thus should be considered exceptions to that waiver. To be sure, the conditions were literally and deliberately termed "provisos" to the waiver of sovereign immunity for copyright infringement:

> "Provided, That a Government employee shall have a right of action against the Government under this subsection except where he was in

22. Unlike the "work for hire" and "government work" provisions of the Copyright Act, which are contained in their own sections. Linguistically, this supports the idea of treating the preceding conditions as affirmative defenses. Of course, no waiver of sovereign immunity is involved here.

> a position to order influence, or induce use of the copyrighted work by the Government. . . ."
>
> "Provided, however, That this subsection shall not confer a right of action on any copyright owner or any assignee of such owner with respect to any copyrighted work prepared by a person while in the employment or service of the United States, where the copyrighted work was prepared as part of the official functions of the employee, or in the preparation of which Government time, material, or facilities were used. . . ."

28 U.S.C. § 1498(b).

Furthermore, these conditions do not at all fit the *Irwin* rationale: "Once Congress has made . . . a waiver . . . [the] condition, [ought to be] applicable to suits against the Government, in the same way that it is applicable to private suits. . . ." *Irwin*, 498 U.S. at 96, 111 S.Ct. 453. The exceptions in § 1498(b) go to the very heart of a sovereign *qua* sovereign. The scope of the waiver itself is being defined by the exceptions, as well as the substance of the claim for copyright infringement action against the government itself. *See Zoltek Corp. v. United States*, 51 Fed.Cl. 829, 833 (2002) (noting 28 U.S.C. § 1498(a)—as noted a subsection using similar language as § 1498(b) for patent infringement claims—"fully sets out what a plaintiff must prove in the Court of Federal Claims in order to be compensated for the use and manufacture by the United States of its

patented invention"). The exceptions in § 1498(b) are analogous to traditional copyright notions such as the "work for hire" doctrine and "government work," Nimmer & Nimmer, *supra*, § 5.13(b)(1)-(2) at 5-98, and were specifically tailored to fit an infringement claim against the government. This is not like the example of a limitations period, or even equitable tolling, that are general in application and, of course, are not at all unique to copyright and patent infringement actions. But it is not unlike the "tort" exception to the Tucker Act itself,[23] which has always been treated as jurisdictional and subject to a dismissal under RCFC 12(b)(1). *E.g.*, *Jentoft v. United States*, 450 F.3d 1342, 1349 (Fed.Cir.2006) (upholding the granting of a Rule 12(b)(1) motion on the ground that plaintiff's claim of retaliation "sounds in tort").

E. Plaintiff's Use of *Prescott* Is Inapplicable to the Jurisdictional Basis of § 1498(b)

While not directly addressing the issue of whether or not the provisos are jurisdictional in nature, *see* Pl.'s Post Trial Br. 1-2, plaintiff argues that the issue is "ultimately a burden of proof question," with the burden resting with defendant to overcome the presumption of

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23. Whereby the Court of Federal Claims has jurisdiction to "render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases *not sounding in tort*." 28 U.S.C. § 1491 (emphasis added).

jurisdiction. Pl.'s Post Trial Resp. 3. For support, plaintiff argues that the three § 1498(b) exceptions are analogous to the discretionary function exception under the Federal Tort Claims Act ("FTCA"), 28 U.S.C. § 2680(a). Pl.'s Post Trial Br. 1-2. This exception precludes the government's general waiver of sovereign immunity for torts when a claim is: "[B]ased upon the exercise or performance or the failure to exercise or perform a discretionary function or duty on the part of a federal agency or an employee of the Government. . . ." 28 U.S.C. § 2680(a).

Plaintiff, without any real elaboration, states that the exceptions in § 1498(b) "are very similar in effect to the discretionary function exception" under the FTCA, Pl.'s Post Trial Br. 1, and points to the Ninth Circuit decision in *Prescott v. United States*, 973 F.2d 696, 701-02 (9th Cir.1992) (holding that the government bears the burden of proving the discretionary function exceptions),[24] and, thus, that the burden of proving the three exceptions in § 1498(b) should rest with the government. Pl.'s Post Trial Br. 2. The court is unpersuaded by plaintiff's argument.

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24. The Court notes that several Circuits have declined to adopt the holding in *Prescott*. *See Sharp v. United States*, 401 F.3d 440, 443 n. 1 (6th Cir.2005) (noting other circuit courts have declined to follow *Prescott* and reserving judgment on the issue); *Kiehn v. United States*, 984 F.2d 1100, 1105 n. 7 (10th Cir.1993) (noting that "the reasoning in *Prescott* may be suspect" in light of *United States v. Gaubert*, 499 U.S. 315, 111 S.Ct. 1267, 113 L.Ed.2d 335 (1991), but not making a formal ruling on the issue); *Autery v. United States*, 992 F.2d 1523, 1526 n. 6 (11th Cir.1993) (declining to address the burden of proof issue in *Prescott*, but noting *Prescott* may be at odds with *Gaubert*).

Of course, *Prescott* has nothing to do with copyright infringement claims or this Court's jurisdiction, which, as noted above, explicitly does not extended to claims sounding in tort. 28 U.S.C. § 1491. Nevertheless, *Prescott* is also a case striving to resolve whether a condition to a waiver of sovereign immunity is itself jurisdictional. The court declared that the discretionary function exception, "although jurisdictional on its face, is analogous to an affirmative defense," *Prescott*, 973 F.2d at 702, and, accordingly, placed the burden of persuasion on the defendant. Yet, no textual analysis (other than the analogy to an affirmative defense) was here attempted. No Supreme Court case law, precedent that possibly could be binding, was cited. It is difficult to see how this case helps plaintiff's cause.

In conclusion, the language and structure of § 1498(b), the Federal Circuit's treatment of certain provisions for patents as jurisdictional, and the fact that no matter whether the "hard" or "soft" model is applied, this Court must come to the unavoidable conclusion that the three exceptions are jurisdictional limitations.[25]

25. Ultimately, regardless of which party bears the burden of proof for the three exceptions, the parties agree that the facts as presented weigh in favor of their respective positions. *Compare* Def.'s Post Trial Resp. 4 ("Whether or not Blueport bears the burden of proving the creation limitations are inapplicable, the facts of this case demonstrate" the exceptions preclude Blueport's right of action.) *with* Pl.'s Post Trial Resp. 8 ("Whether the § 1498 defenses are jurisdictional or not, and whomever has the burden of proof, plaintiff established through the evidence that the defenses do not apply. . . ."). As will be seen in the following sections, even if the exceptions are not jurisdictional, the evidence is overwhelming that plaintiff's claim falls under all three exceptions.

Accordingly, before the Court can proceed to address the merits of plaintiff's copyright infringement claim, plaintiff must demonstrate that the three § 1498(b) exceptions are inapplicable to Technical Sergeant Davenport's development of the AUMD program.

II. HAS THE PLAINTIFF MET ITS BURDEN?

Having determined that the provisos to § 1498(b) are jurisdictional limitations, the Court now turns to see if plaintiff has met its burden of demonstrating that the provisos do not apply in this instance. Why statutory provisions were enacted often gives a clue as to how they should be applied. *E.g.*, *Crandon v. United States*, 494 U.S. 152, 158, 110 S.Ct. 997, 108 L.Ed.2d 132 (1990) ("In determining the meaning of the statute, we look not only to the particular statutory language, but to the design of the statute as a whole and to its object and policy."). *See General Dynamics v. Cline*, 540 U.S. 581, 587-591, 124 S.Ct. 1236, 157 L.Ed.2d 1094 (2004) (construing Age Discrimination in Employment Act, 29 U.S.C. § 621 *et seq*, in light of congressional purpose of preventing "old age" discrimination in employment); *see also PCL Construction Services, Inc. v. United States*, 41 Fed.Cl. 242, 253 (1998) (statute may be construed consistent with underlying reason for its enactment especially where contrary interpretations of the legislative purpose are proffered). Such is the case for the § 1498(b) provisos.

Appendix B

A. Historical Background of § 1498(b)

An examination of the history behind § 1498(b) is useful for two reasons. First, it lends further support to the Court's "plain meaning" interpretation and case law analysis that the three provisos are jurisdictional in nature. Second, and equally important, the history of the three provisos supplies the necessary context for the application of those provisos to the facts of the present case.

1. *Reason for Enactment*

As previously mentioned, Congress amended § 1498 in 1960, to allow suits against the government for copyright infringement, by adding the language that currently makes up § 1498(b). The legislative history to that act indicates this was done because it seemed "illogical to treat copyright infringements by the United States differently from patent infringements. . . ." H.R.Rep. No. 86-624, at 3 (1959), *reprinted in* 1960 U.S.C.C.A.N. 3444, 3446. Another motivating factor was that, while the government enjoyed immunity from suit for copyright infringements, government employees did not. *Id.* at 3445. Congress considered it "inequitable that employees of the United States, acting for the benefit of the Government, are now personally liable for copyright infringement and that the Government is not." *Id.* at 3446. In order to rectify these perceived injustices, Congress determined to waive sovereign immunity for suits against the government for copyright infringement. *Id.* To accomplish this, the legislative

history explained that the act was "based, generally, upon provisions similar to those now existing in Federal law for patents, but with modifications appropriate to the nature of copyright property." *Id.*

Given that Congress drew from the patent infringement provisions in § 1498 to create the copyright infringement provisions, it is reasonable to examine § 1498 writ large to find the purpose behind the three provisos. As entered into law in 1910, § 1498 originally only concerned suits against the United States for patent infringement. The law also did not allow any employee of the government a right of action against the United States. *Strategical Demolition Torpedo Co. v. United States*, 119 Ct.Cl. 291, 96 F.Supp. 315, 316 (1951) ("This section shall not confer a right of action on any patentee who, when he makes such a claim, is in the employment or service of the United States, or any assignee of such patentee, and shall not apply to any device discovered or invented by an employee during the time of such employment or service." (*quoting* 28 U.S.C. § 1498 (1948))). This was done in order to safeguard against the possibility of a government employee using his position to influence the use of the invention by the government in order to maintain a claim for compensation and to prevent a government employee who made an invention as part of his official duties from bringing claim for infringement by the government's use. H.R.Rep. No. 82-1726 (1952) *reprinted in* 1952 U.S.C.C.A.N. 2322, 2322-23.

This complete prohibition on government employees maintaining a suit against the United States eventually came to be seen as "inequitable and unnecessary . . . in order to erect safeguards against those few who might be in a position to benefit unjustly from use of their inventions by the Government." *Id.* at 2323. As a result, in 1952, Congress sought to allow patent infringement suits against the United States by government employees, by adding the following language to § 1498:

> A Government employee shall have the right to bring suit against the Government under this section except where he was in a position to order, influence, or induce use of the invention by the Government. This section shall not confer a right of action on any patentee of any assignee of such patentee with respect to any invention discovered or invented by a person while in the employment or service of the United States, where the invention was related to the official functions of the employee, in cases in which such functions included research and development, or in the making of which Government time, materials or facilities were used.

Strategical Demolition Torpedo Co. v. United States, 124 Ct.Cl. 492, 110 F.Supp. 264, 265 (1953) (*quoting* 28 U.S.C. § 1498 (1952)).

Appendix B

In the legislative history to the 1952 amendment to § 1498, it was noted that in the case *United States v. Dubilier Condenser Corp.*, 289 U.S. 178, 53 S.Ct. 554, 77 L.Ed. 1114 (1933), the Supreme Court had ruled that if an employee was hired to make an invention, the employer had title to the invention. 1952 U.S.C.C.A.N. at 2324; *See Dubilier Condenser Corp.*, 289 U.S. at 187, 53 S.Ct. 554 ("One employed to make an invention, who succeeds, during his term of service, in accomplishing that task, is bound to assign to his employer any patent obtained. The reason is that he has only produced that which he was employed to invent. His invention is the precise subject of the contract of employment."). The legislative history also noted that *Dubilier Condenser Corp.* held that if an employee was not hired to make an invention, but did so anyway using the time and facilities of the employer, title remained with the employee, but the employer had a license to use the invention. 1952 U.S.C.C.A.N. at 2324; *See Dubilier Condenser Corp.*, 289 U.S. at 188-89, 53 S.Ct. 554.[26] The legislative history

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26. The Court explained:

> Recognition of the nature of the act of invention also defines the limits of the so-called shop right, which, shortly stated, is that, where a servant, during his hours of employment, working with his master's materials and appliances, conceives and perfects an invention for which he obtains a patent, he must accord his master a nonexclusive right to practice the invention. This is an application of equitable principles. Since the servant uses his master's time, facilities, and materials to attain a concrete result,

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specifically noted that, "[t]he right to sue, pursuant to this bill, in large part, follows title under the present law as established by the *Dubilier* case and similar decisions." 1952 U.S.C.C.A.N. at 2324.

2. *The Provisos*

This legislative history makes clear that the three exceptions listed in the 1952 additions to § 1498 were created to address three separate scenarios for possession of title of the invention. The first scenario was where title to the patent without question belonged to the employee. In that instance, the concern was an employee might use his position within the government to order, induce or influence the government to unlawfully use the invention, thereby creating a claim for patent infringement. *See Govt. Acquisition of License to Employee's Invention*, B-199026, 60 Comp. Gen. 248, 251, 1981 WL 22453 (Feb. 11, 1981) (hereinafter

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> the latter is in equity entitled to use that which embodies his own property and to duplicate it as often as he may find occasion to employ similar appliances in his business. But the employer in such a case has no equity to demand a conveyance of the invention, which is the original conception of the employee alone, in which the employer had no part. This remains the property of him who conceived it, together with the right conferred by the patent, to exclude all others than the employer from the accruing benefits."

Id. (internal citations omitted).

"*Employee's Invention*"). To avoid this, the government denied a right of action to employees who were in a position to order, influence or induce the use of their work. The second scenario was where an employee claimed title to a patent for which he had been hired to produce for his employer. The Supreme Court in *Dubilier Condenser Corp.* indicated that in such situations, title should rest with the employer. 289 U.S. at 188-89, 53 S.Ct. 554. Thus, under the reasoning of *Dubilier Condenser Corp.*, the government denied a right of action to employees who claimed title to an invention produced as part of their official function, since the government, as the employer, should have title to the invention. *See Myers*, 147 Ct.Cl. at 489-90, 177 F.Supp. 952. The third scenario was where an employee claimed title to a patent produced outside his official function, but using his employer's resources. As noted above, in *Dubilier Condenser Corp.*, the Supreme Court indicated that in such situations, while title remained with the employee, the employer should have a free license to use the invention. *Dubilier Condenser Corp.*, 289 U.S. at 188-89, 53 S.Ct. 554. Accordingly, the government denied a right of action to employees who claimed title to an invention produced with government time, material, or facilities, since under the reasoning of *Dubilier Condenser Corp.* the government should have a license to use the invention as it wished.

As stated previously, *see* discussion *supra I(A).* p. 12, while not a part of § 1498, the Court notes that in 1976, Congress passed amendments to revise the Copyright Act. An Act for the General Revision of the

Copyright Law, Pub.L. No. 94-553, 90 Stat. 2541 (1976) (currently codified at 17 U.S.C. § § 101 *et seq*). That act codified the work made for hire doctrine for suits between private parties, allowing employers title to copyrighted works produced within the scope of employment of their employees. 17 U.S.C. §§ 101, 201(b). *See Cmty. for Creative Non-Violence*, 490 U.S. at 751-52, 109 S.Ct. 2166. Under the work made for hire doctrine, the district courts "first should ascertain, using principles of general common law of agency, whether the work was prepared by an employee or an independent contractor." *Cmty. for Creative Non-Violence*, 490 U.S. at 751, 109 S.Ct. 2166. If the courts find the work was prepared by an employee, the employer is considered the author under 17 U.S.C. § 201(b). *Id.* While there is scant legislative history on the issue, the better view seems to be that the work made for hire doctrine is at least analogous to the second § 1498(b) exception—work created as part of the government employee's official function.[27]

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27. Interestingly, the work made for hire doctrine under the Copyright Act does not mean that the government may claim a copyright of work made at its behest. *See* 17 U.S.C. § 105 ("Copyright protection under this title is not available for any work of the United States Government. . . ."); *see also* 17 U.S.C. § 101 (defining a "work of the United States Government" as "any work prepared by an officer or employee of the United States Government as part of that person's official duties."). H.R.Rep. No. 94-1476, at 58 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5672 (noting that "[a]lthough the wording of the definition of 'work of the United States Government' differs somewhat from that of the definition of 'work made for

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With this understanding of the statutory scheme in mind, the Court proceeds to determine if plaintiff has demonstrated that the three 28 U.S.C. § 1498(b) exceptions do not apply to the creation and use of the AUMD program.

B. How do the § 1498 exceptions apply to the AUMD program?

Examining each of the exceptions reveals that Davenport was in a position to influence the use of the AUMD program by the government, that the AUMD program was prepared as part of Davenport's official function as an employee of the government, and that the AUMD program was prepared using government time, material, and facilities. The inescapable result drawn from these conclusions is that plaintiff has failed to make the requisite showing that it has met the conditions required for the waiver of sovereign immunity. As such, the Court is without jurisdiction to adjudicate plaintiff's infringement claim.

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hire,' the concepts are intended to be construed in the same way"). Nevertheless, this does not prejudice the United States since a government employee's assertion of title for a work made at the behest of the government-employee is proscribed by the second proviso of § 1498(b).

Appendix B

1. *Was technical sergeant Davenport in a position to induce and influence the use of the AUMD program within the Air Force?*

Turning to the first exception, plaintiff must demonstrate (or the facts adduced at the trial must demonstrate) that Davenport was not "in a position to order, influence or induce use" of the AUMD program by the government. The Court notes that the language of the statute does not require that Davenport have actually ordered, influenced or induced the use of the copyrighted AUMD program, but only that he was in a position in which he could have done so. *See Herbert II*, 36 Fed.Cl. at 307 ("[T]he plain language of the statute does not require that he must have *actually* influenced the use of his work, but merely that he must have been *in a position* to influence its use." (emphasis original)). While the parties do not dispute that Davenport's rank of Technical Sergeant prohibited him from ordering the use of the AUMD program, they vigorously dispute whether his actions influenced and induced the government's use of the program after May 15, 2000.

The facts presented at trial show that Davenport freely distributed his AUMD program throughout the USAF manpower community. The Court finds that shortly after developing the program in May 1998, Davenport sent a version to Master Sergeant Luckie. CSPFF ¶ 16; Tr. 103-04. Davenport then provided other members in his command with copies of the program. *Id.* at 158. Davenport posted a link to the program on the PACAF's official webpage so that all USAF

manpower personnel could easily download the latest versions of the program. Tr. 156-57. Davenport admitted at trial that he took no action to curtail the widespread distribution and use of the program. *Id.* at 358-59. Davenport also supported the use of the program by the manpower community. He incorporated suggested changes and new features in different versions of the program. *Id.* at 347. He routinely responded to telephone calls for technical assistance with the program. *Id.* at 495, 504. On trips to bases through PACAF to provide training on the MDS, Davenport demonstrated the AUMD program and answered questions about its use. *Id.* at 113, 334-36. Davenport also demonstrated the AUMD to senior manpower officers at a Manpower Conference in San Antonio. CSPFF ¶ 17; Tr. 111-12. The Court concludes that Davenport's willingness to allow unlimited, free, continuous use of the program created an environment in which virtually everyone in the USAF manpower community was regularly relying on the AUMD program. It is hard for this Court to think of a more direct way Davenport could have actually influenced or induced the use of the AUMD program.

Even if Davenport's actions did not actually influence or induce the use of the AUMD, the Court finds that he was in a position to influence and induce the use of the program. This distinction was apparent in *Herbert II*, where the author of portions of a copyrighted book containing dietary allowance recommendations filed a copyright infringement claim against the United States. *Herbert II*, 36 Fed.Cl. at 302. The dispute in *Herbert II* involved a contract between

the National Institute of Health, a government agency, and the National Academy of Sciences ("NAS"), a private corporation, to create a book on recommended dietary allowances. *Id.* The NAS established a committee of volunteer experts to draft portions of the book. *Id.* The plaintiff, a Dr. Herbert, was a member of the Food and Nutrition Board ("FNB"), which supervised the committee's work. *Id.* at 307. The committee eventually used three written works by Dr. Herbert in the tenth edition of the book. *Id.* at 302. That book was copyrighted and copies sold to the general public. *Id.* Dr. Herbert then sued for copyright infringement for the portions of the book he had written. *Id.* In hearing Dr. Herbert's copyright infringement claim, the court examined the three exceptions in 28 U.S.C. § 1498(b). *Id.* at 305. Examining whether Dr. Herbert was in a position to influence use of his work, the court noted that the FNB had the power to make suggestions to the committee, and those suggestions were taken seriously. *Id.* at 307. The court reasoned that since Dr. Herbert was a member of FNB, he was therefore in a position to influence the committee's use of his materials in the final copy of the book. *Id.*

Just as Dr. Herbert's membership on the FNB placed him in a position to influence the use of his works, the same is true for Davenport's involvement in the Manpower User Group ("MUG"). Based on the testimony at trial, the Court finds that MUG was comprised of manpower personnel from each USAF MAJCOM, and provided guidance and suggestions to AFMA on the use of the MDS. Tr. 115. MUG's members

looked at changes that could be made to improve the performance of the MDS and made a prioritized list of such changes. *Id.* at 877-80. MUG's prioritized list was forwarded to the Executive Steering Committee of AFMA, which then decided whether or not to implement the suggested changes. *Id.* at 880. Davenport was a member of MUG from 1996 to 1999—throughout the time he was creating and updating the AUMD program. Tr. 119, 323. Davenport actually brought the AUMD program to a MUG meeting and demonstrated to MUG members how it operated. *Id.* at 883-84. Regardless of whether Davenport's membership in MUG actually influenced or induced the USAF's use of the AUMD, his position on MUG—like that of Dr. Herbert's on the FNB in *Herbert II*—was a position that could influence or induce the use of the AUMD within the USAF.

Plaintiff argues that Davenport could not have influenced the use of the AUMD program because he was not in "a position of decision making authority." Pl.'s Post Trial Br. 4. Pointing to the Comptroller General's decision in *Employee's Invention*, plaintiff argues that as long as an employee is insulated from the decisions to procure the copyrighted work, he is not in a position to influence or induce the use and his right of action is preserved. *Id.* at 5 (citing *Employee's Invention*, 60 Comp. Gen. at 248). *Employee's Invention* involved the Air Force's attempt to procure a license to a patent for a high contrast display lens held by a Mr. Jeffers, a civil servant employee of the Air Force. *Employee's Invention*, 60 Comp. Gen. at 248. Prior to the suit, the Air Force determined that Mr. Jeffers was

entitled to all the rights of ownership to the patented lens. *Id.* ("Based on a complete review of his work responsibilities and the extent of the government's contribution to the invention . . . the Air Force left the entire right, title, and interest in the display lens to the inventor."). Nine years later, the Air Force expressed an interest in obtaining a patent license from Mr. Jeffers for use of the lens. *Id.* at 249.

The Air Force's Judge Advocate General ("AFJAG"), however, issued an opinion indicating it would be improper for the USAF to enter into such a licensing agreement with an employee, citing the influence or induce exception of § 1498. *Id.* The issue before the Comptroller General ("CG") was whether § 1498 was applicable. *Id.* at 251. The CG made clear that § 1498 did not apply because there was no question Mr. Jeffers owned the patent. *Id.* at 250. Further, Mr. Jeffers was not seeking to influence or induce the unlawful use of the patented lens and thus the infringement of his patent, but rather was seeking to enter into a licensing agreement, allowing for the lawful use of the lens. *Id.* at 251. Since § 1498 was not applicable, the CG indicated that the only issue was "whether the inventor can be insulated from the decision making process," in compliance with regulations involving conflicts of interest between the government and its employees. *Id.* The CG concluded that such concerns of conflicts of interest would not preclude Mr. Jeffers from "assisting in the testing and use of the invention if he [was] no way in a position to determine whether, or how many, items involving his patent [were] produced." *Id.*

Employee's Invention, is inapposite in this matter. Plaintiff misconstrues the holding of Employee's Invention, by arguing it stands for the proposition that as long as the employee is insulated from the decision to procure the protected work, the employee is not in a position to influence or induce the work's use. Pl.'s Post Trial Br. 5. Instead, *Employee's Invention*, indicates § 1498 is inapplicable when the government seeks to obtain a license for a work it is not using and has otherwise no rights to. The discussion plaintiff focuses on, regarding insulating an employee from the procurement decision process, relates only to overcoming concerns of conflicts of interests when the government procures an item from an employee. *Employee's Invention*, 60 Comp. Gen. at 251. The Court notes that in *Employee's Invention*, the Air Force had already determined that Mr. Jeffers was entitled to all the rights of ownership with the invention. *Id.* at 248. Such is not the case with the AUMD program, which the USAF has maintained it had the right to use. Tr. 901. Additionally, in *Employee's Invention*, the Air Force was not using Mr. Jeffers's patented lens, but desired to enter into a licensing agreement for the future use of the lens. *Employee's Invention*, 60 Comp. Gen. at 249. In this matter, the USAF's use of the AUMD was both widespread and continuous for several years prior to Davenport obtaining a copyright. As defendant points out, at most, *Employee's Invention* stands for the proposition that § 1498 would not have barred the USAF from licensing the AUMD program if the program had never been used by the USAF. Def.'s Post Trial Resp. 6.

Davenport's free distribution and maintenance of the AUMD program, as well as his membership on MUG, placed him in a position to influence and induce the USAF's use of the AUMD program, and therefore precludes plaintiff's right of action under 28 U.S.C. § 1498(b). Since the provisos of § 1498(b) are disjunctive, even if Davenport was not in a position to influence and induce the use of the AUMD, plaintiff would still have to demonstrate the other two provisos were inapplicable in order for this Court to have jurisdiction.

2. *Was the AUMD program prepared as part of the official functions of technical sergeant Davenport within the Air Force?*

The Court now turns to the second exception. As discussed earlier, this exception questions the very legitimacy of plaintiff's ownership claim, much as the work made for hire doctrine allows an employer to challenge an employee's copyright. Under the second exception, the question before the Court is whether Davenport prepared the AUMD program as part of his "official functions" in the USAF. *See* 28 U.S.C. § 1498(b). The statute itself does not define "official functions" and the parties, naturally, offer the Court competing possible interpretations. Plaintiff advocates a narrow interpretation of the phrase, looking only at the specific duties Davenport was trained to do and the work he was required to do. Under plaintiff's interpretation, since Davenport was not a computer programmer in the USAF, since he was not expected to write computer programs, and since he was not ordered to work on the

AUMD program, his work on the program cannot be described as within his "official function." *See* Pl.'s Post Trial Br. 7-15. Defendant counters that the phrase is much broader than simply a list of tasks assigned, but encompasses the general type of work Davenport performed. Def.'s Post Trial. Br. 14-15.

In the past, when Congress has used the term "employee" without defining it, the Supreme Court has concluded "that Congress intended to describe the conventional master-servant relationship as understood by common-law agency doctrine." *Cmty. for Creative Non-Violence*, 490 U.S. at 740, 109 S.Ct. 2166. Just as the Supreme Court stated in relation to the use of the term "employee" in the Copyright Act, *Id.* (quoting *Kelley v. S. Pac. Co.*, 419 U.S. 318, 323, 95 S.Ct. 472, 42 L.Ed.2d 498 (1974)), there is nothing in the text of § 1498(b) that indicates "Congress used the words 'employee' and 'employment' to describe anything other than 'the conventional relationship of employer and employee.' " Viewed through the lens of the master-servant relationship, the Court sees the term "official function" as similar to that of "scope of employment," a term widely used in agency law. *Id.* (citing Restatement (Second) of Agency § 228 (1958)). The relevant part of the Restatement (Second) of Agency (hereinafter "Restatement") indicates that:

> Conduct of a servant is within the scope of employment if, but only if: (a) it is of the kind he is employed to perform; (b) it occurs substantially within the authorized time and

> space limits; [and] (c) it is actuated, at least in part, by a purpose to serve the master. . . .

Restatement § 228(1). The Restatement goes on to explain that "[t]o be within the scope of the employment, conduct must be of the same general nature as that authorized, or incidental to the conduct authorized." *Id.* § 229(1).

Using the Restatement factors as a guide, it is clear that Davenport's "official function" is simply much broader than the condensed job description proffered by plaintiff. The focus of the Court's inquiry is not a specific task assigned, but rather on the general type of work performed. *Herbert II*, 36 Fed.Cl. at 306 (noting that where a government employee's official function includes a general type of work, "the employee may be barred a right of action for infringement even where he was not specifically required to perform the work at issue" (citing *Myers*, 147 Ct.Cl. at 489, 177 F.Supp. 952)). In this regard, this case is similar to *Myers*, a patent infringement case against the government. *Myers*, 147 Ct.Cl. at 486, 177 F.Supp. 952. At the time the plaintiff brought suit in *Myers*, there was no right of action for patent infringement against the government by a government employee, "where the invention was related to the official functions of the employee." *Id.* (quoting 28 U.S.C. § 1498 (1952)). In that case, Myers was an employee of the Preliminary Aircraft Design ("PAD") section of the Navy Bureau of Aeronautics. *Id.* The PAD section performed analysis and preparation of preliminary aircraft designs. *Id.* at 487, 177 F.Supp. 952.

Appendix B

On his own time and using his own materials, Myers developed and eventually patented a mechanism for opening and closing a gun port in an exterior surface of an aircraft. *Id.* This apparatus had the effect of streamlining the airflow over the aircraft. *Id.* at 488, 177 F.Supp. 952. Later, after the government began incorporating Myers's design into its aircraft, Myers brought suit for patent infringement. *Id.* at 487, 177 F.Supp. 952.

The sole issue before the court was whether Myers had created the invention as part of his official functions. *Id.* at 490, 177 F.Supp. 952. Myers argued that his invention had not been created as part of his official functions, since he was only tasked with making illustrative layout drawings of possible designs. *Id.* at 487, 177 F.Supp. 952. The court found it "immaterial that the Preliminary Aircraft Design section did not prepare the final working and engineering drawings necessary to aircraft manufacturers" to create the final gun port. *Id.* at 488, 177 F.Supp. 952. The court instead looked at the general objectives of Myers's official function and found that they entailed minimizing the air drag of aircraft. *Id.* Since Myers's gun port was designed to limit the air drag on aircraft, the court found that he had created the invention as part of his official functions at the PAD section. *Id.* at 489, 177 F.Supp. 952.

Like the plaintiff in *Myers*, Davenport's development of the AUMD program was well within the type of work he was generally called to perform. The Court finds that the general types of duties a manpower

manager such as Davenport would perform include: using industrial engineering and computer techniques to facilitate work measurement and process improvement; revising manpower documents; designing, operating and maintaining manpower data systems; developing and preparing manpower documents; and preparing and maintaining manpower reports. Pl.'s Trial Ex. 125 at 100454. Manpower employees with Davenport's job code were expected to operate database software. Pl.'s Trial Ex. 65 at G000353. They were also to have the ability to design, analyze, supervise, or monitor computer applications. Pl.'s Trial Ex. 59 at 200180. At trial, Davenport testified that his duties involved many of these activities, including making sure the MDS was updated in a timely manner, training other personnel on the MDS, and printing products using data stored in the MDS. Tr. 77. Davenport testified that he was involved in the beta testing of the MDS. *Id.* at 92. As such, he took part in testing and analyzing the MDS for ways to improve the USAF's ability to use the program. Additionally, as a member of MUG, Davenport reviewed the MDS for improvements and changes. *Id.* at 119, 323, 877-80. Davenport also indicated, in an e-mail to his uncle, that he had written six other computer programs—in addition to the AUMD program—which were used in varying degrees by USAF manpower personnel. Def.'s Trial Ex. 3 at 200133. Glendon Hendricks, a civilian USAF employee and Chief of the Information Systems Division of AFMA during the period Davenport was writing and supporting the AUMD program, testified that it was not an uncommon practice in the manpower

field for non-computer programmers to write computer programs for use in the USAF. Tr. 901. Describing why he believed the USAF had tried to obtain the source code to the AUMD program from Davenport, Mr. Hendricks stated:

> And it goes back to the practice we had done for years. I developed something. Joe developed something, Jerry Hayes developed something, all of us we pooled our different pieces together to make the Air Force work. And it wasn't, oh, this is my piece and you can't have it. And it's to bring it up to date right now, guys in [AFMA] and the commands are doing the same thing today, working to improve ways we're doing things, using people's ideas, developing code.

Id.

The Court finds that Davenport's position involved working extensively with computers, and in particular managing the MDS database. An important part of his work involved preparing numerous reports from information stored on a computer database. Other elements of his work included beta testing computer programs and evaluating suggestions for improvements to computer systems. Additionally, on several occasions, Davenport wrote computer programs for the USAF's use. All of these functions leads the Court to conclude that writing the AUMD program was the within the general type of work that Davenport was employed to perform.

The second factor courts examine when determining whether an activity was within an employee's scope of work is if the work occurred within the authorized time and space limits. While Davenport may have created the original beta version of the AUMD at home, using his own computer, that is not enough. What is much more significant is the fact that he created and perfected the AUMD program during the time period in which he was employed by the USAF as a manpower database manager. *Genzmer v. Pub. Health Trust of Miami-Dade County*, 219 F.Supp.2d 1275, 1282 (S.D.Fl.2002); *Miller*, 808 F.Supp. at 1243 (finding an employee satisfied the authorized time and space limit requirement because the copyrighted work in question was created during the time period in which the employee was employed at a company). In *Genzmer*, a doctor developed a computer program which allowed the Critical Care Department of a hospital to computerize its consultation reports. 219 F.Supp.2d at 1277. Prior to the development of the program, all patient consultation reports were produced by hand. *Id.* When the doctor's fellowship at the hospital ended, he demanded the hospital pay him for the use of the computer program. *Id.* at 1278. When the hospital refused, the doctor filed a complaint for copyright infringement. *Id.* Examining the second factor of the scope of work under the work made for hire doctrine, the court noted that the doctor wrote the program on his own time, during nonbusiness hours, using his home computer. *Id.* at 1277, 1282. The court focused, however, on the fact the doctor created the computer program during the period he was employed at the hospital. *Id.* at 1282. Additionally, the court observed the doctor

completed the "second aspect of the computer programming"—beta testing—at the hospital. *Id.* These facts were enough to allow the court to conclude the doctor created the program within the authorized time and space limits. *Id.*

The same observations can be made about Davenport's work with the AUMD program. The program was created and continually revised while Davenport was a Technical Sergeant in the USAF. The Court finds that while Davenport may have created the original beta version of the AUMD program at his home, with his own computer, the beta testing of the program he conducted at work with the help of Master Sergeant Luckie.[28] CSPFF ¶ 16. After having initially written the "beta" version of the AUMD program, Davenport sent the program to Master Sergeant Luckie to get his input on the program. Tr. 103-04. Master Sergeant Luckie reviewed the program on his work computer, as did Davenport. Tr. 104. At this point, both men began beta testing the program from their computers at their places of work. Tr. 105, 328-29. This beta testing in the office environment, observing how the AUMD program "interfaced" with the MDS, was essential to gain confidence that the initial AUMD program was working properly. *Id.* at 328. Significantly, since the MDS was a

28. Creating the AUMD program required more than writing computer code. Plaintiff's own expert witness, Dr. Rudd, acknowledged this during his testimony. Tr. 775. Dr. Rudd indicated that in addition to writing code, the development of a computer program requires planning, analysis, design, development, testing, and documentation. *Id.*

closed database—incapable of being accessed from outside the office—the only way to test how the AUMD program performed with the MDS was at the office, on official computers, during working hours. *Id.* at 328-30. Without such confidence that the program worked, the eventual copyright version of the AUMD, version 2.1d, would not have been possible.

Additionally, whatever Davenport's duties were prior to developing the AUMD program, those duties evolved almost immediately after the AUMD was disseminated.[29] The Court observes that in June and July 1998, Davenport traveled to several bases in PACAF, answering questions about the AUMD as part of his official training program on the MDS. *Id.* at 113, 334-36. Shortly thereafter, in September 1998, Davenport was "asked" to give a presentation to senior USAF officers on the AUMD program at a manpower conference.[30] *Id.* at 509. Colonel Manning, Major Douglas

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29. Davenport candidly admitted in an e-mail to his uncle, that "because I'm in the military and not a civilian employee, I don't have a specific 'Job Description.' " Def.'s Trial Ex. 12 at 100449. Elaborating on this at trial, while answering a question from defendant's counsel, Davenport stated: "Well, you know, as we went through those documents yesterday, there was no—there is no tasking, no listing that says Manpower Data manager. The things I did in that job, in that position were the ones that were prescribed to me by my supervisors." Tr. 318.

30. As was made clear during the hearing by questions posed by plaintiff's counsel and answered by Colonel William Manning-Davenport's former commanding officer at PACAF

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Meaker-Davenport's superior, and Master Sergeant Anthony Dant-Davenport's supervisor, all requested Davenport install the AUMD program on their computers. *Id.* at 495, 508. Thus, from an early date, Davenport's superiors urged or expected him to provide assistance with the AUMD program during his working hours. And Davenport clearly stated that his official duties were whatever his supervisors directed him to do. *Id.* at 337.

This expectation of assistance increased as the use of the AUMD program spread. The Court notes that Davenport's work telephone number was listed on the "about screen" of the AUMD program. *Id.* at 347. This

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Headquarters at Hickam USAF base—requests by senior officers, while not direct orders, certainly conveyed expectations of action:

> Q: Now, in the position of Technical Sergeant Davenport as someone who perhaps is seeking a promotion in the future, would it have been in the normal course to refuse a request from a senior colonel in your career field?
>
> A: It would be very unusual. . . . [T]o deny that request would be very unusual.
>
> Q: Could it have affected his future promotion possibilities?
>
> A: It may have. . . . There were certainly possibilities that it could be harmful to the individual's future.

Tr. 510-11.

had the effect of turning Davenport's office at PACAF headquarters essentially into a "call center" for personnel throughout the USAF with questions about the AUMD program. *Id.* at 495. A link to the latest available version of the AUMD program was posted on the PACAF webpage. *Id.* at 351-52. Davenport's commanding officer understood Davenport was maintaining the AUMD program from the office—answering questions, taking suggestions, providing updates—and expressed no reservations about that. *Id.* at 504. Further, Davenport's yearly Performance Reports for 1999 and 2000 praised his work with the AUMD program. Def.'s Trial Ex. 30-1.

All of these facts lead the Court to one conclusion: by the time the copyrighted version 2.1d of the AUMD program was created in November 1999, Davenport's function had evolved to include all types of support, development and programming of the AUMD program during the time he was on duty. Davenport's superiors recognized that he had developed a very useful computer program, even though he was not ordered or expected to do so. These same superiors also recognized the USAF's manpower personnel's dependance on that program to perform their daily assignments. Davenport was allowed to spend his work hours providing support for the AUMD program and praised in his evaluations for doing so, because his superiors saw his official function as including all the work necessary to keep the AUMD program performing.

Finally, courts also look at the employee's motivation in producing the work to in determining if a copyrighted work was produced within an employee's scope of work. Illustrative of this point is *Miller v. CP Chemicals, Inc.*, 808 F.Supp. 1238 (D.S.C.1992), a copyright infringement case involving the application of the work made for hire doctrine. In that case, the plaintiff, Miller, was a laboratory supervisor for CP Chemicals, with overall responsibility for the operation of the quality control laboratory. *Id.* at 1240. Miller became concerned about the efficiency of performing manual calculations in the company's quality control process. *Id.* Working at home, on his own time and for no additional compensation, Miller wrote a computer program that computed complex mathematical calculations, eliminating the need for the manual calculations previously used. *Id.* After his termination from the company, Miller demanded CP Chemicals either return the computer program he had written or pay a license fee for the continued use. *Id.* 1240-41. When CP Chemicals refused Miller's demands, Miller brought suit for copyright infringement. *Id.* at 1241. In applying the work made for hire doctrine, the court sought to determine if the writing of the computer program was in Miller's scope of employment. *Id.* at 1242. The court noted that the program dealt specifically with products manufactured by CP Chemical, was created to simplify Miller's job, and eliminate errors for the ultimate benefit of the company. *Id.* at 1243. From these facts, the court concluded the program was written within the scope of Miller's employment and therefore the program was a work made for hire belonging to CP Chemical. *Id.* at 1244.

Examining the record here, it is clear that the MDS program, by itself, was very slow in accessing data. Def.'s Trial Ex. 3 at 200133. Davenport stated in an e-mail to his uncle that "the [AUMD] program was developed because the MDS program that the Air Force was developing did not do what was necessary for [Davenport] to perform [his] day to day duties." *Id.* at 200146. In that e-mail, Davenport gave an example that to produce a customized manpower report using the AUMD program took him 30 seconds, while to create the same type of report without using the AUMD took an entire day. *Id.* In another e-mail, Davenport acknowledged that his "original intention was to create a program that we could use to print [Unit Manpower Documents] until MDS caught up." *Id.* at 200134. Davenport also stated in an e-mail to two other members of the USAF, that "originally I had no intention of selling this program to anyone, including the Air Force. I wanted it to die and MDS to live up to its hype." Def.'s Trial Ex. 18 at 100579. Further, the AUMD program could only be used by the USAF in conjunction with the MDS. This is evidenced by the fact that plaintiff has never managed to sell a copy or license for the AUMD program. Def.'s Trial Ex. 50; Tr. 54-55. Plaintiff, Blueport Company, was only formed by Davenport and his uncle in February 2000, well after the AUMD program had been developed and disseminated throughout the USAF's manpower community. CSPFF ¶ 7. Finally, Davenport did not seek a copyright for the AUMD program until March 2000—some twenty-one months after first developing the program. Pl.'s Trial Ex. 139. From these statements, the Court concludes

that Davenport's intent in creating the AUMD program was not based on gaining some commercial and pecuniary benefit. Instead, Davenport was motivated by a desire to make his daily work easier, and, as such, to benefit the USAF.

Given that the writing of the AUMD program was the same general type of work Davenport was expected to do, that he created the program during his employment in the USAF, worked on the program during his working hours, and that he was motivated to create the program out of a desire to benefit the USAF, the only logical conclusion for the Court to draw is that Davenport produced the AUMD as part of his official function as an employee. Plaintiff is therefore also without a right of action under 28 U.S.C. § 1498(b).

3. *Did technical sergeant Davenport use government time, material, and facilities in preparing the AUMD Program?*

Even if Davenport's creation of the AUMD was outside his official function, plaintiff still must demonstrate that government time, materials, and facilities were not used in the program's preparation. In this sense, § 1498(b) casts a wider net than the traditional work made for hire doctrine, for a government employee who creates a work outside his official function, but happens to use government time, material, or facilities is denied a right of action. Here, plaintiff states that Davenport performed all of the program writing at his home, in the evening after

working hours. Pl.'s Post Trial Br. 16. Plaintiff also points out that while programming, Davenport used his own computer with copies of software that he had personally purchased. *Id.* Defendant counters that non-code writing activities were essential for the creation of the AUMD program and in these activities, Davenport and others acting on his behalf used government resources. Def.'s Post Trial Br. 22-23.

Again, plaintiff's concept of the preparation of a computer program—entailing only the writing of computer code—is too narrow. *See Genzmer*, 219 F.Supp.2d at 1282 (noting beta testing was the "second aspect" of computer programming). As has already been mentioned, plaintiff's own expert, Dr. Rudd, indicated that the development of a computer program required planning, analysis, design, development, testing, and documentation. Tr. 775. Davenport himself mentioned that part of the duties of computer programmers in the USAF included analysis and design. Tr. 87; Pl.'s Trial Ex. 120. Davenport testified this analysis and design involved talking to people who would use the program, determining what was really needed from the software, what users would want to input and extract from the software, and then coming up with a design and layout of the system to show users. Tr. 87. The Court finds that these areas of analysis, testing, and development were equally as vital to the preparation of the AUMD program, as code writing.

As mentioned in the previous section, Davenport conducted beta testing of the AUMD program at work

on his government furnished computer. The Court finds that since the MDS was a closed database with restricted access, the only way to test how the AUMD program performed with the MDS was at the office. *Id.* at 328-30. To assist in his use of the MDS data for the AUMD, Davenport obtained a special database administrator username and password to the MDS. Tr. 367, 369-70; Def.'s Trial Ex. 7. Davenport also enlisted the help of Master Sergeant Luckie to assist him in the beta testing. CSPFF ¶ 16. Additionally, Davenport received feedback from countless USAF personnel who used the AUMD program, suggesting additional features that could be incorporated in the AUMD program. Tr. 347. Many of these suggestions were incorporated into later versions of the AUMD program, which allowed later versions of the AUMD to produce more reports and different products. *Id.* at 346. Master Sergeant Luckie also wrote a user manual to assist other manpower personnel in using the AUMD program. Def.'s Trial Ex. 32. Davenport testified that he spent time during his working hours revising and editing the manual. Tr. 394. Davenport also testified that he distributed the manual to others and made it available on the PACAF website. *Id.* at 395.

These activities are more than enough use of government time, material and facilities for the Court to conclude this proviso applies to plaintiff's claim. For example, in *Herbert II*, the plaintiff acknowledged that some work on the copyrighted health articles in question occurred in a government facility. *Herbert II*, 36 Fed.Cl. at 307. The plaintiff argued, however, that all of the

furniture and equipment in the office was the personal property of the plaintiff. *Id.* It appears that, in essence, the plaintiff was arguing that any use of government facilities was so *de minimis* as to not trigger the proviso. The court found the plaintiff's argument "unpersuasive" and held that "[t]he walls, floor, and ceiling of the laboratory are enough to qualify as government facilities." *Id.*

The same reasoning applies with equal force to plaintiff's claim in this matter. Plaintiff acknowledges many USAF personnel made suggestions for additional features to be added to the AUMD program and that Davenport incorporated many of those suggestions into later versions of the AUMD. Pl.'s Post Trial Br. 18. Plaintiff argues, however, that all of the actual programming was done by Davenport at his home, on his personal computer, after his working hours. *Id.* at 18-19. Plaintiff also argues that it was Davenport who selected which features to incorporate into later versions and how to design those features using computer code. *Id.* at 19. Plaintiff's arguments miss the point that these calls were often received by Davenport at the office during his working hours. *Id.* at 347. This input from users, as Davenport himself stated, was an essential element for creating any computer program. *Id.* at 87. The fact that these suggestions were received during Davenport's official working hours, by other USAF personnel, via government telephones and e-mails, indicates that government time, materials, and facilities were used to help create later versions of the AUMD program. This use of government time, materials, and

facilities denies plaintiff a right of action for copyright infringement under 28 U.S.C. § 1498(b).

III. Conclusion

"When jurisdiction is lacking, 'the only function remaining to the court is that of announcing the fact and dismissing the cause.' " *Chertkov v. Office of Pers. Mgmt.*, 52 F.3d 961, 966 (Fed.Cir.1995) (quoting *Ex Parte McCardle*, 74 U.S. (7 Wall.) 506, 514, 19 L.Ed. 264 (1868)). Such is the case here. A party factually falling under any one of the three jurisdictional exceptions listed in 28 U.S.C. § 1498(b) is denied a right of action against the government for copyright infringement. In this matter, plaintiff failed to meet its burden to prove that the three jurisdictional exceptions are not applicable and is, therefore, without a right to maintain an action for copyright infringement. Judgment, accordingly, is entered on behalf of the United States.

IT IS SO ORDERED.

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No. 08-546

In the Supreme Court of the United States

BLUEPORT COMPANY, LLC, PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

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QUESTIONS PRESENTED

In 28 U.S.C. 1498(b), Congress has waived the sovereign immunity of the United States for certain copyright-infringement suits. Section 1498(b) sets forth three limitations on the waiver of sovereign immunity, one of which is that a government employee may not sue for infringement "where he was in a position to order, influence, or induce use of the copyrighted work by the Government." The questions presented are as follows:

1. Whether a plaintiff who sues the United States for copyright infringement bears the burden of proof with respect to the limitations in Section 1498(b).

2. Whether the court of appeals correctly held that petitioner's infringement claim should be dismissed because petitioner's copyright was obtained from a government employee who "was in a position to order, influence, or induce use of the copyrighted work by the Government."

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BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals (Pet. App. 1a-20a) is reported at 533 F.3d 1374. The opinion of the Court of Federal Claims (Pet. App. 21a-101a) is reported at 76 Fed. Cl. 702.

JURISDICTION

The judgment of the court of appeals was entered on July 25, 2008. The petition for a writ of certiorari was filed on October 22, 2008. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. By enacting 28 U.S.C. 1498(b), Congress has waived the government's sovereign immunity for certain claims of copyright infringement. When the federal government is alleged to have infringed a copyright, Section

1498(b) provides that "the exclusive action which may be brought for such infringement shall be an action by the copyright owner against the United States in the Court of Federal Claims." 28 U.S.C. 1498(b).

That waiver is subject to three express limitations set forth in Section 1498(b) itself. First, a government employee may not sue the United States for copyright infringement "where he was in a position to order, influence, or induce use of the copyrighted work by the Government." 28 U.S.C. 1498(b). Second, Section 1498(b) confers no right of action "with respect to any copyrighted work prepared by a person while in the employment or service of the United States, where the copyrighted work was prepared as a part of the official functions of the employee." *Ibid.* Third, Section 1498(b) confers no right of action "with respect to any copyrighted work * * * in the preparation of which Government time, material, or facilities were used." *Ibid.*

2. Petitioner alleges that the United States Air Force infringed petitioner's copyright on a computer software program known as "the AUMD program." Pet. App. 2a. The AUMD program was created by Air Force Technical Sergeant Mark Davenport. *Ibid.* After creating an initial version of the AUMD program at home, Sergeant Davenport shared copies of it with his co-workers, *ibid*; posted it on an official Air Force web page, *id.* at 3a-4a, 14a-15a, 78a-79a; trained Air Force personnel to use it, *id.* at 4a; and demonstrated it to senior Air Force personnel at an annual conference, *ibid.* As the AUMD program became popular within the Air Force, Sergeant Davenport continued to improve it based on feedback from his co-workers. *Ibid.* As a result of the improvements, Sergeant Davenport released ten different versions of the AUMD program between

May 28, 1998, and January 5, 2000. *Id.* at 32a n.10. The expiration date for the last version of the AUMD program was May 15, 2000. *Id.* at 37a.

Air Force officials became increasingly concerned that the Air Force was becoming too reliant on an undocumented computer program. As a result, Sergeant Davenport's supervisors requested access to the program's source code. Pet. App. 4a, 34a-36a. When Sergeant Davenport refused, the Air Force solicited bids from private contractors to create a similar program. *Id.* at 36a. The selected private contractor created the new program, and, at the Air Force's request, also modified the AUMD program to extend its expiration date. *Id.* at 37a-38a.

Sergeant Davenport assigned his rights in the AUMD program to petitioner, a company formed by Sergeant Davenport and his uncle. Pet. App. 36a. On March 9, 2000, petitioner registered its copyright for the AUMD program. *Id.* at 36a-37a.

3. Petitioner filed this action against the United States in the Court of Federal Claims (CFC) pursuant to 28 U.S.C. 1498(b). After a full trial on the merits, the CFC concluded that petitioner's claim was barred by each of Section 1498(b)'s three provisos. Pet. App. 78a-101a.

At the outset of its opinion, the CFC held that the three provisos are jurisdictional and that petitioner therefore bore the burden of proving they did not bar suit. Pet. App. 41a-69a. The court then concluded that all three provisos were applicable to this case. The court explained in that regard that, "even if the exceptions are not jurisdictional, the evidence is overwhelming that [petitioner's] claim falls under all three exceptions." *Id.* at 68a n.25.

The CFC first found that Sergeant Davenport was in a position to induce and influence the government's use of the AUMD program through his "willingness to allow unlimited, free, continuous use of the program." Pet. App. 79a. Second, the CFC found that the AUMD program was prepared as part of Sergeant Davenport's official functions. *Id.* at 84a-97a. Third, the court found that Sergeant Davenport had used government time, material, and facilities to prepare the AUMD program. *Id.* at 97a-101a. The trial court therefore entered judgment in favor of the government. *Id.* at 101a.

4. The court of appeals affirmed. Pet. App. 1a-20a. The court of appeals first rejected petitioner's argument that the three provisos are affirmative defenses rather than jurisdictional limitations. The court explained that the "text and structure" of 28 U.S.C. 1498(b) demonstrated that the provisos are jurisdictional. *Id.* at 11a. The court observed that "the provisos are part of the same sentence in which Congress granted the general waiver of sovereign immunity for copyright infringement," and that "the provisos themselves are phrased in terms of withholding a waiver of sovereign immunity for certain 'rights of action.'" *Ibid.* Given the jurisdictional nature of the provisos, the court of appeals held that petitioner "had the burden of showing that its claim is not barred jurisdictionally by the § 1498(b) provisos." *Id.* at 14a.

The court of appeals agreed with the CFC that petitioner's claim was barred by the first Section 1498(b) proviso because Sergeant Davenport was in a position to order, influence, or induce the government's use of the AUMD program. Pet. App. at 14a-16a. The court rejected petitioner's contention that the proviso was inapplicable because Sergeant Davenport was no longer in a position to influence the government's decisions regard-

ing use of the AUMD program at the time of the alleged infringing acts. *Id.* at 15a. The court explained that "[n]othing in § 1498(b) suggests that a party who was in a position to influence the Government's use of a copyrighted work can later bring a claim against the Government for continued use of that work after he lost his position of influence." *Ibid.* Because the court of appeals agreed with the CFC that the first Section 1498(b) proviso required dismissal of petitioner's suit, the court found it unnecessary to address the proper application of the other two provisos. *Id.* at 14a.

ARGUMENT

The decision of the court of appeals is correct and does not conflict with any decision of this Court or of any other court of appeals. Further review is therefore unwarranted.[1]

1. Petitioner contends (Pet. 14-21) that the court of appeals erred by requiring petitioner to bear the burden of proving jurisdiction under the Section 1498(b) provisos. That argument lacks merit.

a. Section 1498(b) waives the government's sovereign immunity for claims that the United States has infringed protected copyrights. As this Court has held, sovereign immunity is "jurisdictional in nature," *FDIC* v. *Meyer*, 510 U.S. 471, 475 (1994), and "the terms of [the government's] consent to be sued in any court define that court's jurisdiction to entertain the suit," *United States* v. *Sherwood*, 312 U.S. 584, 586 (1941).

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[1] Section 1498(b)'s first proviso is framed as a limitation on the right of government employees to file infringement actions. Petitioner does not dispute that, if the first Section 1498(b) proviso would have precluded Sergeant Davenport himself from filing suit, a suit by petitioner as Sergeant Davenport's assignee is similarly barred.

And as the court of appeals observed, the Section 1498(b) provisos "are part of" the same subsection and sentence as that provision's waiver of immunity, and "the provisos themselves are phrased in terms of withholding a waiver of sovereign immunity." Pet. App. 11a. The provisos thus "define the scope of the Government's waiver," *ibid.*, and therefore are jurisdictional in nature.

Because the provisos are jurisdictional, the court of appeals' conclusion that petitioner bore the burden of proof follows from the long-settled principle that the party who claims jurisdiction "must carry throughout the litigation the burden of showing that he is properly in court." *McNutt* v. *Gen. Motors Acceptance Corp.*, 298 U.S. 178, 189 (1936); see *Chapman* v. *Houston Welfare Rights Org.*, 441 U.S. 600, 612 n.28 (1979) (describing this as a "settled rule * * * especially * * * in a court of limited jurisdiction"). If the party's jurisdictional allegations are challenged, the party "must support them by competent proof." *McNutt*, 298 U.S. at 189; see *Thomson* v. *Gaskill*, 315 U.S. 442, 446 (1942). Thus, the court of appeals properly assigned to petitioner the burden of proving that the CFC had jurisdiction over petitioner's infringement claim.

b. Petitioner notes (Pet. 14-15) that, in the context of the discretionary function exception in the Federal Tort Claims Act (FTCA), 28 U.S.C. 2680(a), some courts of appeals have assigned the burden of proof to the government. Petitioner contends that the court of appeals' ruling in this case conflicts with those decisions. But because those decisions "interpret a statute, namely the FTCA, which is not at issue in this case," Pet. App. 13a, there is no conflict warranting this Court's review.

In any event, the general interpretive approach taken by those cases is not at odds with the reasoning of the

court of appeals here. In *Prescott* v. *United States*, 973 F.2d 696 (1992), the case on which petitioner most heavily relies, the Ninth Circuit concluded that the burden of proof should be placed on the government because the discretionary function exception "is analogous to an affirmative defense." *Id.* at 702. The Section 1498(b) proviso on which the court of appeals relied in this case, however, states that "a Government employee shall have a right of action against the Government under this subsection except where he was in a position to order, influence, or induce use of the copyrighted work by the Government." 28 U.S.C. 1498(b). Rather than affording the government an affirmative defense, the proviso, where it applies, divests the plaintiff of any "right of action against the Government." Section 1498(b) similarly states that the statute "shall not confer a right of action" in circumstances where the other provisos apply. The text of Section 1498(b) thus confirms that the provisos are limitations on the government's consent to suit and therefore are jurisdictional in character.

Petitioner raises several other challenges to the court of appeals' holding on the burden issue, but none of them warrants this Court's review. Petitioner contends (Pet. 15-16) that the court of appeals' decision conflicts with *Zoltek Corp.* v. *United States*, 51 Fed. Cl. 829 (2002), which held that the government bears the burden of proof with respect to 28 U.S.C. 1498(c) ("The provisions of this section shall not apply to any claim arising in a foreign country."). Because *Zoltek* was decided by the CFC, a trial court whose decisions are reviewable by the Federal Circuit, it does not conflict with the appellate decision here.

Petitioner also asserts (Pet. 18) that the court of appeals "relied upon" cases that "addressed questions of

statutes of limitations in the context of waiver or estoppel, rather than burden of proof." That assertion is based on a misreading of the decision below, which did not rely on any such cases. Instead, the court of appeals merely found that the "text and structure of § 1498(b) demonstrate that the three provisos * * * are jurisdictional limitations," Pet. App. 11a, and therefore followed "the long-established practice of placing the burden of establishing jurisdiction on the party 'who claims that the power of the court should be exerted in his behalf,'" *id.* at 13a (quoting *McNutt*, 298 U.S. at 189).

Petitioner finally argues (Pet. 20-21) that the court of appeals' holding conflicts with the legislative intent of Section 1498(b). But because the court of appeals correctly found that the "text and structure" of Section 1498(b) established the provisos' jurisdictional character, it had no need to "assess the legislative history" in order to resolve that question. *Circuit City Stores, Inc.* v. *Adams*, 532 U.S. 105, 119 (2001).

c. In any event, there is no reason to believe that this case would have been decided differently if the courts below had assigned to the government the burden of proof regarding the first Section 1498(b) proviso. Neither the court of appeals nor the CFC suggested that the evidence concerning the proviso was in equipoise. To the contrary, the CFC explained that it would have reached the same decision even if it had not regarded the provisos as jurisdictional because "the evidence is overwhelming that [petitioner's] claim falls under all three exceptions." Pet. App. 68a n.25. In sustaining the CFC's factual findings and ultimate conclusion, the court of appeals likewise did not suggest that the allocation of the burden of proof was decisive. See *id.* at 14a-15a. Nor is there any reason to suppose that the alloca-

tion of the burden will be outcome-determinative in any significant number of other cases. Cf. *Schaffer* v. *Weast*, 546 U.S. 49, 58 (2005) ("In truth, * * * very few cases will be in evidentiary equipoise."); *Medina* v. *California*, 505 U.S. 437, 449 (1992).

2. Petitioner contends (Pet. 21-28) that the court of appeals erred by concluding that Sergeant Davenport "was in a position to order, influence, or induce use of the copyrighted work by the Government." 28 U.S.C. 1498(b). That claim lacks merit and does not warrant this Court's review.

a. The court of appeals correctly held that Section 1498(b) withholds jurisdiction over petitioner's suit because Sergeant Davenport "was in a position to order, influence, or induce use of the copyrighted work by the Government." 28 U.S.C. 1498(b). As the court of appeals explained, Sergeant Davenport had "access and authority to distribute the AUMD program freely to his colleagues," "shar[ed] individual copies [of the program] with his colleagues," "post[ed] the program on an Air Force web page," and "demonstrated" the program to his superiors. Pet. App. 14a-15a.

b. Petitioner notes (Pet. 23) that the government's alleged infringement of the AUMD program occurred after May 15, 2000, and that Sergeant Davenport opposed rather than encouraged the government's continued use of the program during that period. Petitioner argues (*ibid.*) that the court of appeals erred in "fail[ing] to require any nexus between the Government's infringing acts and the employee's alleged position of influence." By its terms, however, the first Section 1498(b) proviso bars suit when the copyright holder "was in a position to order, influence, or induce use of the copyrighted work," 28 U.S.C. 1498(b), and the court of ap-

peals correctly held that Sergeant Davenport was in such a position. To require a nexus between the employee's actions and the alleged acts of infringement by the government would in effect establish an implied exception to a jurisdictional limitation, contrary to this Court's recognition that "limitations and conditions upon which the Government consents to be sued must be strictly observed and exceptions thereto are not to be implied." *Soriano* v. *United States*, 352 U.S. 270, 276 (1957).[2]

Petitioner also argues (Pet. 26) that "the Court should properly look to the law of implied license for guidance" in construing the proviso. Petitioner cites no judicial decision that has adopted that reasoning, however, and neither the text nor the structure of the proviso suggests that it is a mere codification of implied-license principles. The legislative history indicates that Congress intended the provisos to afford the government protection above and beyond affirmative defenses that existed "by operation of law," which would include a license defense. See H.R. Rep. No. 1726, 82d Cong., 2d Sess. 3 (1952). Petitioner's suggestion that the first Section 1498(b) proviso simply codifies a preexisting affirmative defense also discounts Congress's broad systemic goal in barring suits by government employees who are

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[2] *In re Government Acquisition of License to Employee's Invention*, 60 Comp. Gen. 248 (1981), is not relevant here because the employee in that case was not, as petitioner suggests (Pet. 24), "in a position to order, influence or induce, use of his patent[ed]" invention. The opinion states expressly that "[t]his situation does not exist in [the employee's] case where the Air Force seeks to purchase the right to use his invention." 60 Comp. Gen. at 251.

in a position to ensnare the government into potentially infringing conduct.[3]

Petitioner is also wrong in arguing (Pet. 27) that the decision below "disenfranchises copyright owners from the individual rights granted in the Copyright Act." The validity of petitioner's copyright is not at issue here. Instead, this case concerns only whether petitioner may bring suit against the government under Section 1498(b). For the reasons set forth above, the court of appeals correctly concluded that petitioner may not do so.

c. Even if questions concerning the proper application of Section 1498(b)'s first proviso otherwise warranted the Court's review, this case would be an unsuitable vehicle for resolving them. The CFC found "overwhelming" evidence that petitioner's claim was barred by "all three" Section 1498(b) provisos, Pet. App. 68a n.25, and each of the three provisos is an independently sufficient basis for dismissal of petitioner's suit. Although the court of appeals found it unnecessary to ad-

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[3] Contrary to petitioner's suggestions (Pet. 22, 23, 25-26), the purposes of the first Section 1498(b) proviso are directly implicated here even if Sergeant Davenport opposed the government's continued use of the AUMD program after May 15, 2000. The CFC's findings make clear that Sergeant Davenport was in a position to, and did, induce the government to use the program during an earlier period, see Pet. App. 32a-33a; that Air Force officials became concerned about the government's growing reliance on the program, see *id.* at 34a-35a; and that petitioner as Sergeant Davenport's assignee subsequently attempted to negotiate a licensing agreement with the Air Force and filed suit against the United States after the government rejected that overture, see *id.* at 36a-37a. Thus, even if Sergeant Davenport did not encourage the specific conduct through which the government is alleged to have breached petitioner's copyright, he was instrumental in setting in motion the chain of events that culminated in that alleged breach.

dress the second and third provisos, see *id.* at 14a, those provisos would furnish alternative grounds for dismissal of this action even if the Court granted review and ruled in petitioner's favor on the questions presented here.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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Supreme Court, U.S.
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No. 08-546

IN THE
Supreme Court of the United States

BLUEPORT COMPANY LLC,

Petitioner,

v.

UNITED STATES OF AMERICA,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

REPLY BRIEF

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Blueport LLC ("Blueport") hereby submits its Brief in Reply to the Brief of the United States in Opposition.

ARGUMENT

The Opposition highlights the need to review the court of appeals' decision placing the burden on the plaintiff to disprove negative jurisdictional statements and the court of appeals' construction of the first proviso of Section 1498(b).

To the argument that several circuit courts of appeals treat similar jurisdictional negatives under the Federal Tort Claims Act, 28 U.S.C. § 2680(a), as the government's burden, the Opposition merely contends (Opp. 6-7) that it is without merit because that is a different statute. The Opposition fails to address the clear problem that currently between the circuit courts of appeals there is a split regarding how to treat negative jurisdictional limitations — as the government's burden, the Federal Circuit, or the plaintiff's burden, Ninth, Eleventh, Sixth, Seventh Circuits. *See* Petition at 14-18.

To the argument that the Court of Federal Claims, the lower court in this case, has itself treated the nearly identical language in the same section, 1498(c), as the government's burden rather than the plaintiff's, *see Zoltek Corp. v. United States*, 51 Fed. Cl. 829 (2002), the Opposition merely contends that because *Zoltek* was decided by a lower court, there is thus no conflict. (Opp. 7). This again evades the issue that the current state of the law on the topic is a tangled and conflicting mish mash that provides a plaintiff no certainty in advance.

To the argument that the holding below conflicts with the legislative history and intent of Section 1498(b), the Opposition merely contends (Opp. 8) that because the court of appeals relied on the "text and structure" of the section, the legislative history has no import. Again, the Opposition evades the point that the ruling does in fact conflict with the legislative history. *See* Petition at 20-21.

To the argument that the Federal Circuit erred by not requiring a nexus between the acts alleged to infringe and the acts alleged to constitute a position to influence under the first proviso of Section 1498(b), the Opposition does not disagree that Federal Circuit did not require that nexus, but instead argues (Opp. 10) that a nexus requirement is contrary to the prevailing law. But the issue of nexus is a question of constitutional fairness. *Quill Corp. v. North Dakota By and Through Heitkamp*, 504 U.S. 298, 326, 112 S. Ct. 1904 (1992) (White, J., concurring and dissenting) ("the issue of 'nexus' is really a due process fairness inquiry").

Notably, such a nexus has been required before regarding Section 1498. *See Matter of Government Acquisition of License to Employee's Invention*, B-199,026, 60 Comp. Gen. 248, 1981 WL 22453 (Comp. Gen. Feb. 11, 1981) ("*Comptroller Decision*"). In response to the *Comptroller Decision*, the Opposition merely states (Opp. 10 n. 2) that the decision is irrelevant because it deals with the purchase of an employee's invention, rather than infringement. This is a distinction without a difference. In *Comptroller Decision*, just like the present case, the government wanted to use the invention without payment. The Comptroller rejected

the argument that section 1498(a) permitted the government to take a royalty-free license simply because an employee was in a position to order, influence or induce when there was clearly no nexus between the position of influence and the government's decision to use the employee conception.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted,

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